of, any services, or the furnishing of any materials, in any such manner as would give rise to the filing of mechanics' liens or other claims against the County's interest in the Premises or County.

5.10.1 Posting Notices. County shall have the right at all reasonable times and places to post and, as appropriate, keep posted, on the Premises any notices which County may deem necessary for the protection of County's interest in the Premises from mechanics' liens or other claims. Lessee shall give County at least ten (10) business days prior written notice of the commencement of any work to be done on the Premises under this Article 5, in order to enable County timely to post such notices.

5.10.2 Prompt Payment. Lessee shall make, or cause to be made, prompt payment of all monies due and owing to all persons doing any work or furnishing any materials or supplies to Lessee or any of its contractors or subcontractors in connection with the Premises and the Improvements thereon. Lessee shall have the right to contest any such amount; provided, however, the entire expense of any such contest (including interest and penalties which may accrue) shall be the responsibility of Lessee.

5.10.3 Liens; Indemnity. Subject to Lessee's rights to contest the same prior to payment, Lessee shall keep the Premises and any Improvements thereon free and clear of all mechanics' liens and other liens arising out of or in connection with work done for Lessee and/or any parties claiming through Lessee. Lessee agrees to and shall indemnify, defend and hold County harmless from and against any claim, liability, loss, damages, costs, expenses, attorneys' fees incurred in defending and all other expenses on account of claims of lien(s) of laborers or materialmen or others for work performed or materials or supplies furnished to Lessee or persons claiming under it.

In the event any lien is recorded, Lessee shall, within five (5) business days after demand, furnish any one of the following, as determined by Lessee: (i) the bond described in California Civil Code Section 3143, or successor statute, which results in the removal of such lien from the Premises, (ii) a set aside letter from Lessee's construction lender, in form and substance reasonably satisfactory to County, setting aside sufficient funds from Lessee's construction loan for the satisfaction of such lien, or (iii) a title insurance policy or endorsement insuring County against any loss or liability arising out of such lien, together with any other evidence requested by County to evidence that such claim will be paid, removed or discharged as a claim against the Premises and/or County.

5.11 Subsequent Renovations to Improvements Other Than Anchorage Facilities. In addition to the Redevelopment Work to be performed by Lessee pursuant to Section 5.1, during the remaining Term of the Lease Lessee shall be required to complete three (3) separate renovations of the Improvements (other than the Anchorage Facilities, which shall be renovated pursuant to Section 5.14 below) in accordance with the terms and provisions of this Section 5.11 (each, a "Subsequent Renovation"). The construction of the first Subsequent Renovation (the "First Subsequent Renovation") shall be commenced by Lessee not earlier than January 1, 2023 and completed by Lessee not later than December 31, 2024. The construction of the second Subsequent Renovation (the "Second Subsequent Renovation") shall be commenced by Lessee not earlier than January 1, 2037 and completed by Lessee not later than December 31, 2038. The construction of the third Subsequent Renovation (the "Third Subsequent Renovation") shall be

commenced by Lessee not earlier than January 1, 2051 and completed by Lessee not later than December 31, 2052.

Each Subsequent Renovation shall consist of such renovation and construction work as necessary in the reasonable judgment of Director to position the Improvements (other than the Anchorage Facilities) to a condition and appearance at least equal to comparable projects containing retail, restaurant and hotel facilities. Prior to the commencement of construction of a Subsequent Renovation, Lessee shall submit to Director a renovation plan for such Subsequent Renovation (a "Subsequent Renovation Plan"), which renovation plan shall (a) describe the proposed renovation work in detail reasonably acceptable to Director, (b) include a design, governmental approval and construction schedule for the work, (c) include a budget for all work costs, and (d) address such other matters as Director reasonably requests. The Subsequent Renovation Plan shall be submitted by Lessee to Director not later than such date (taking into consideration the approval periods described in this Section 5.11 and Section 5.3 above, the estimated time required to obtain all necessary governmental approvals and permits, and the estimated time required to complete the work) as will permit the completion by Lessee of the applicable Subsequent Renovation by the dates required under this Section 5.11. Director shall have sixty (60) days within which to reasonably approve or disapprove the Subsequent Renovation Plan, or to approve the Subsequent Renovation Plan subject to conditions imposed by Director in its reasonable judgment. Failure of Director to notify Lessee in writing of its approval or disapproval of the Subsequent Renovation Plan shall be deemed Director's disapproval of the Subsequent Renovation Plan. If Director disapproves (or is deemed to have disapproved) the Subsequent Renovation Plan, then within thirty (30) days after written request from Lessee Director shall notify Lessee in writing of the reasons for such disapproval.

Upon Director's approval of the Subsequent Renovation Plan, Lessee shall proceed to satisfy all conditions in this Article 5 to the commencement of the Subsequent Renovation and to commence and complete the Subsequent Renovation in accordance with the Subsequent Renovation Plan and the terms and conditions of this Article 5. Director's approval of the actual plans and specifications for the Subsequent Renovations shall proceed in accordance with the protocol for plan submission and approval set forth in Section 5.3 of this Lease, except that the schematic plan submittal requirements set forth in subsection 5.3.1 shall not be applicable to the extent that the Subsequent Renovation Plan approved by Director satisfies the requirements of such subsection 5.3.1. Lessee's failure to comply with the schedule approved by Director as part of a Subsequent Renovation Plan and/or to meet the construction completion deadlines pertaining to the Subsequent Renovation set forth in this Section 5.11 (subject to any Force Majeure Delay) shall, if not cured within the cure period set forth in subsection 13.1.2, constitute an Event of Default. Any dispute as to whether Director has failed to exercise reasonable judgment in the approval or disapproval of the Subsequent Renovation Plan shall be submitted to arbitration pursuant to Article 16 of this Lease. If the arbitrator determines that Director failed to exercise reasonable judgment in the approval or disapproval of the Subsequent Renovation Plan and as a result thereof Lessee is delayed in the completion of the Subsequent Renovation by the required completion date set forth in the first paragraph of this Section 5.11, then the required date for the completion of such Subsequent Renovation shall be extended by the duration of the delay caused by Director's failure to reasonably approve the Subsequent Renovation Plan, provided that the required date for the completion of the Subsequent Renovation shall not be

extended beyond the date reasonably required for the completion by Lessee of the Subsequent Renovation.

5.12 Subsequent Renovations Fund. Commencing with the month following the month during which the fifth (5^{th}) anniversary of the earlier of the Re-Opening Date or the Required Completion Date occurs, and continuing until the completion of the Third Subsequent Renovation, Lessee shall establish and maintain a reserve fund (the "Subsequent Renovations Fund") in accordance with the provisions of this Section 5.12 for the purpose of funding a portion of the cost of each Subsequent Renovation. The Subsequent Renovations Fund shall be held in an account established with a reputable financial institution (including Lessee's Encumbrance Holder) acceptable to Director into which deposits shall be made by Lessee (and/or into which Lessee's Encumbrance Holder shall provide funds) pursuant to this Section 5.12. The amounts to be added to the Subsequent Renovations Fund shall be inclusive of amounts required to be deposited with and held by an Encumbrance Holder, provided that the Encumbrance Holder acknowledges that such amounts are subject to the requirements and shall be made available for the purposes of this Section 5.12. On or before the fifteenth (15th) day of each month during the period during which the Subsequent Renovations Fund is required to be maintained by Lessee hereunder, Lessee shall make a monthly deposit to the Subsequent Renovations Fund in an amount equal to one-half percent (0.5%) of total Gross Receipts for the previous month from Hotel operations and retail and restaurant operations (as such terms are defined in Section 5.13 below). All interest and earnings on the Subsequent Renovations Fund shall be added to the Subsequent Renovations Fund, but shall not be treated as a credit against, or otherwise reduce, the Subsequent Renovations Fund deposits required to be made by Lessee pursuant to this Section 5.12. Disbursements shall be made from the Subsequent Renovations Fund only for costs for the design and construction of the Subsequent Renovations which have been approved by Director. If approved in the discretion of the Director, the Subsequent Renovation Plan may provide for Subsequent Renovations that will cost less than the then used balance of the Subsequent Renovations Fund, and in such case the remaining portion of the Subsequent Renovations Fund shall be carried forward for future renovations. Prior to the disbursement of any amounts from the Subsequent Renovations Fund, Lessee shall furnish to Director applicable invoices, evidence of payment and other back-up materials reasonably acceptable to Director concerning the use of amounts from the Subsequent Renovations Fund. Director shall have no obligation to approve the disbursement of amounts from the Subsequent Renovations Fund unless and until Director has approved Lessee's Subsequent Renovation Plan for such Subsequent Renovation and Lessee has furnished to Director evidence reasonably satisfactory to Director that Lessee has sufficient financial resources to pay for all costs of such Subsequent Renovation. The Subsequent Renovations Fund may not be used for renovations to the Anchorage Facilities. All remaining amounts in the Subsequent Renovation Funds shall be used for the costs of the Third Subsequent Renovation and Lessee shall not be required to make further contributions to the Subsequent Renovations Fund after the completion of the Third Subsequent Renovation.

In lieu of the periodic Subsequent Renovations Fund contributions described in this Section 5.12, Director shall have the authority, in the exercise of the Director's discretion, to consider the delivery by Lessee of substitute security acceptable to Director (e.g., a letter of credit or bonding mechanism) to secure the performance by Lessee of the Subsequent Renovations. Such substitute security shall be in not less than the same amounts and delivered

not later than the same times, as amounts that would have otherwise been required to be delivered into the Subsequent Renovations Fund.

5.13 Capital Improvement Fund. Commencing with the month during which the Re-Opening Date occurs, and continuing during the remaining Term of the Lease, Lessee shall establish and maintain a reserve fund (the "Capital Improvement Fund") in accordance with the provisions of this Section 5.13 for the cost of Permitted Capital Expenditures (as defined below) for the Premises. Lessee and County agree and acknowledge that the purpose of the Capital Improvement Fund shall be to provide funds for the costs of additions, replacements, renovations or significant upgrades of or to the Improvements on the Premises, including building exteriors and major building systems (such as HVAC, mechanical, electrical, plumbing, vertical transportation, security, communications, structural or roof) that significantly increase the capacity, efficiency, useful life or economy of operation of the Improvements or their major systems, after the completion of the Redevelopment Work ("Permitted Capital Expenditures"). Notwithstanding any contrary provision herein, the Capital Improvement Fund shall not be used to fund any portion of the cost of the Redevelopment Work or the Subsequent Renovations, nor shall the Capital Improvement Fund be used for any Anchorage Facilities. In addition, Permitted Capital Expenditures shall not include the cost of periodic, recurring or ordinary expenditures, repairs or replacements that keep the buildings or their major systems in an ordinarily efficient operating condition, but that do not significantly add to their value or appreciably prolong their useful life. Permitted Capital Expenditures must constitute capital replacements, improvements or equipment under generally accepted accounting principles consistently applied. Permitted Capital Expenditures shall not include costs for any necessary repairs to remedy any broken or damaged Improvements, all of which costs shall be separately funded by Lessee. By way of example, set forth on Exhibit G attached to this Lease are categories of Permitted Capital Expenditures that qualify as proper costs to be funded from the Capital Improvement Fund. All specific purposes and costs for which Lessee desires to utilize amounts from the Capital Improvement Fund shall be subject to Director's approval, which approval shall not be unreasonably withheld.

The Capital Improvement Fund shall be held in an account established with a reputable financial institution (including Lessee's Encumbrance Holder) acceptable to Director into which deposits shall be made by Lessee (and/or into which Lessee's Encumbrance Holder shall provide funds) pursuant to this Section 5.13. The amounts to be added to the Capital Improvement Fund shall be inclusive of amounts required to be deposited with and held by an Encumbrance Holder, provided that the Encumbrance Holder acknowledges that such amounts are subject to the requirements and shall be made available for the purposes of this Section 5.13.

Commencing on the fifteenth (15th) day of the month during which the Re-Opening Date occurs and continuing on or before the fifteenth (15th) day of each month thereafter during the remaining Term, Lessee shall make a monthly deposit to the Capital Improvement Fund in the following amounts of Gross Receipts for the previous month:

(a) during the first (1st) year after the Re-Opening Date, one-fourth percent (0.25%) of Gross Receipts from Hotel operations;

(b) during the second (2^{nd}) year after the Re-Opening Date, one-half percent (0.50%) of Gross Receipts from Hotel operations and three-eighths percent (0.375%) of Gross Receipts from retail and restaurant operations;

(c) during the third (3^{rd}) year after the Re-Opening Date, three-fourths percent (0.75%) of Gross Receipts from Hotel operations and three-fourths percent (0.75%) of Gross Receipts from retail and restaurant operations;

(d) during the fourth (4^{th}) year after the Re-Opening Date, one percent (1%) of Gross Receipts from Hotel operations and one and one-eighth percent (1.125%) of Gross Receipts from retail and restaurant operations; and

(e) during the fifth (5^{th}) and each subsequent year after the Re-Opening Date, one percent (1%) of Gross Receipts from Hotel operations and one and one-half percent (1.5%) of Gross Receipts from retail and restaurant operations.

For purposes hereof, Gross Receipts from "Hotel operations" shall mean all Gross Receipts derived from any operations within or otherwise related to the Hotel on the Premises, including all categories of Gross Receipts described in subsection 4.2.2 of this Lease (including, without limitation, any restaurant or retail facilities located in the Hotel). For purposes hereof, Gross Receipts from "retail and restaurant operations" shall mean all Gross Receipts described in clauses (i), (j), (q) and (s1) of subsection 4.2.2 of this Lease, excluding Gross Receipts included in Gross Receipts from Hotel operations pursuant to the immediately preceding sentence. All interest and earnings on the Capital Improvement Fund shall be added to the Capital Improvement Fund, but shall not be treated as a credit against the Capital Improvement Fund deposits required to be made by Lessee pursuant to this Section 5.13.

Disbursements shall be made from the Capital Improvement Fund only for costs which have been approved by Director and which satisfy the requirements of this Section 5.13. For the purpose of obtaining Director's prior approval of any Capital Improvement Fund disbursements, Lessee shall submit to Director on an annual calendar year basis a capital expenditure plan for the upcoming year which details the amount and purpose of anticipated Capital Improvement Fund expenditures for which Lessee requests Director's approval, which approval shall not be unreasonably withheld. Any anticipated expenditure set forth in such capital expenditure plan which is approved by Director as an acceptable Capital Improvement Fund disbursement shall be considered pre-approved by Director (but only up to the amount of such expenditure set forth in the annual capital expenditure plan) for the duration of the upcoming year. Lessee shall have the right during the course of each year to submit to Director for Director's approval revisions to the then current capital expenditure plan in effect for such year, or individual expenditures not noted on the previously submitted capital expenditure plan. Prior to the disbursement of any amounts from the Capital Improvement Fund, Lessee shall furnish to Director applicable invoices, evidence of payment and other back-up materials reasonably acceptable to Director concerning the use of amounts from the Capital Improvement Fund.

As of the date that is seven (7) years prior to the expiration of the Term of the Lease, all (or substantially all) of the amounts required to have been deposited in the Capital Improvement Fund prior to such date shall have been expended for Permitted Capital Expenditures. Capital

Improvement Fund deposits made after such date shall continue to be used for Permitted Capital Expenditure purposes under this Section 5.13; provided, however, if County elects to require Lessee to remove the Improvements at the end of the Term and requires Lessee to provide security to secure its obligation to perform such removal obligations in accordance with subsection 2.4.2 of this Lease, then Lessee shall have the right to contribute the deposits thereafter required to be made by Lessee under this Section 5.13 towards Lessee's obligations to fund the security requirements in subsection 2.4.2, but only if and to the extent that there are sufficient funds made available in the Capital Improvement Fund for any needed Permitted Capital Expenditures, as determined by Director in Director's reasonable discretion.

5.14 Anchorage Facilities Replacement. During the period from the thirtieth (30th) anniversary of the Effective Date through the fortieth (40th) anniversary of the Effective Date, County shall have the right to have the condition of the Anchorage Facilities inspected from time to time by an independent, nationally recognized, marine engineering consultant selected by County. For purposes of this Section 5.14 only, the Anchorage Facilities shall include any landside lockers, restrooms and shower facilities to which the users of the anchorage improvements are provided access. County and Lessee shall equally share the fees and expenses incurred for the marine engineering consultant engaged by the County under this Section 5.14. If in the opinion of such engineering consultant the Anchorage Facilities, or any portions thereof, (a) are unsafe, unsightly or at the end of their useful lives; (b) are of a lesser overall quality than the quality of the replacement Anchorage Facilities installed as a part of the Redevelopment Work pursuant Section 5.1 above, or (c) are of a lesser overall quality than a majority of the other anchorage facilities operated in Marina del Rey at the time of the inspection, then at the County's request Lessee shall, at Lessee's cost, replace such Anchorage Facilities with new Anchorage Facilities. For purposes of this Section 5.14, the Anchorage Facilities shall be inspected and evaluated by the engineering consultant on a section by section basis, and if a particular section, or a material portion of a particular section, of the Anchorage Facilities does not satisfy the test set forth above, then Lessee shall be required to replace all of the component parts of such section. Notwithstanding that the inspection of the Anchorage Facilities shall be performed on a section by section basis, if multiple sections of the Anchorage Facilities do not meet the test set forth above in this Section 5.14, then Lessee shall be required to perform the replacement of all of such deficient Anchorage Facilities at the same time unless Lessee and Director otherwise agree upon a mutually acceptable phasing schedule for such replacement. In all events, all of the Anchorage Facilities shall be replaced at one point or another during the period between the thirtieth (30th) and fortieth (40th) anniversaries of the Effective Date.

The replacement Anchorage Facilities under this Section 5.14 shall comply with the Anchorage Facilities Quality Standard (as defined below) and shall be performed in accordance with all terms and provisions of this Article 5 applicable to Alterations. The consultant's determination as to the date that the Anchorage Facilities, or portions thereof, require replacement pursuant to this Section 5.14 shall be based solely on the actual condition of such Anchorage Facilities, and no consideration shall be given to the duration of the remaining Term of the Lease in making such determination. If the consultant determines that Anchorage Facilities replacement work is required, then concurrent with such determination, the consultant shall include as a part of such determination its opinion as to the period of time reasonably necessary to perform the design, permitting and construction of such work. Lessee shall commence any required work (i.e., commence any design and permitting work) within sixty (60)

days following receipt of the consultant's determination and thereafter complete the installation and construction of the work within the period prescribed in the consultant's determination. Notwithstanding any contrary provision of this Section 5.14, with respect to any landside lockers, restrooms and shower facilities included in the Anchorage Facilities, Lessee shall have the right to choose to renovate such facilities in a manner that meets the Anchorage Facilities Quality Standard in lieu of the complete replacement thereof. The "Anchorage Facilities Quality Standard" shall mean anchorage facilities that are first-class and state of the art as of the date of the replacement construction, and that in all events comply with (i) the then most recent edition of the Minimum Standards, (ii) the then most recent edition of Layout and Design Guidelines for Small Craft Facilities by the California Department of Boating and Waterways (or similar successor publication), and (iii) design memoranda as provided by the Harbor Engineer of the Los Angeles County Department of Beaches and Harbors.

5.15 FF&E Fund. Commencing with the month during which the Re-Opening Date occurs, and continuing during the remaining Term of the Lease, Lessee shall establish and maintain a reserve fund (the "FF&E Fund") in accordance with the provisions of this Section 5.15 to fund the cost of the purchase and installment of replacements, additions or upgrades of or to the furniture, fixtures and equipment used in the Hotel throughout the Term. The FF&E Fund shall not be used for (a) maintenance or repair purposes, (b) the cost of the Redevelopment Work or the initial furniture, fixtures and equipment to be installed in the Premises in connection with the Redevelopment Work, (c) the cost of the Subsequent Renovations, or (d) the cost of Permitted Capital Expenditures to be funded by the Capital Improvement Fund. All specific purposes and costs for which Lessee desires to utilize amounts from the FF&E Fund shall be subject to Director's approval, which approval shall not be unreasonably withheld.

The FF&E Fund shall be held in an account established with a reputable financial institution (including Lessee's Encumbrance Holder) acceptable to Director into which deposits shall be made by Lessee (and/or into which Lessee's Encumbrance Holder shall provide funds) pursuant to this Section 5.15. The amounts to be added to the FF&E Fund shall be inclusive of amounts required to be deposited with and held by an Encumbrance Holder, provided that the Encumbrance Holder acknowledges that such amounts are subject to the requirements and shall be made available for the purposes of this Section 5.15.

Commencing on the fifteenth (15th) day of the month during which the Re-Opening Date occurs and continuing on or before the fifteenth (15th) day of each month thereafter during the remaining Term, Lessee shall make a monthly deposit to the FF&E Fund in the following amounts of Gross Receipts for the previous month:

(a) during the first (1st) year after the Re-Opening Date, three-fourths percent (0.75%) of Gross Receipts from Hotel operations;

(b) during the second (2nd) year after the Re-Opening Date, one and one-half percent (1.50%) of Gross Receipts from Hotel operations;

(c) during the third (3rd) year after the Re-Opening Date, two and one-fourth percent (2.25%) of Gross Receipts from Hotel operations; and

(d) during the fourth (4^{th}) and each subsequent year after the Re-Opening Date, three percent (3%) of Gross Receipts from Hotel operations.

All interest and earnings on the FF&E Fund shall be added to the FF&E Fund, but shall not be treated as a credit against the FF&E Fund deposits required to be made by Lessee pursuant to this Section 5.14.

Disbursements shall be made from the FF&E Fund only for costs which have been approved by Director and which satisfy the requirements of this Section 5.15. For the purpose of obtaining Director's prior approval of any FF&E Fund disbursements, Lessee shall submit to Director on an annual calendar year basis a furniture, fixtures and equipment expenditure plan for the upcoming year which details the amount and purpose of anticipated FF&E Fund expenditures for which Lessee requests Director's approval, which approval shall not be unreasonably withheld. Any anticipated expenditure set forth in such furniture, fixtures and equipment expenditure plan which is approved by Director as an acceptable FF&E Fund disbursement shall be considered pre-approved by Director (but only up to the amount of such expenditure set forth in the annual furniture, fixtures and equipment expenditure plan) for the duration of the upcoming year. Lessee shall have the right during the course of each year to submit to Director for Director's approval revisions to the then current furniture, fixtures and equipment expenditure plan in effect for such year, or individual expenditures not noted on the previously submitted furniture, fixtures and equipment expenditure plan. Prior to the disbursement of any amounts from the FF&E Fund, Lessee shall furnish to Director applicable invoices, evidence of payment and other back-up materials reasonably acceptable to Director concerning the use of amounts from the FF&E Fund.

As of the date that is seven (7) years prior to the expiration of the Term of the Lease, all (or substantially all) of the amounts required to have been deposited in the FF&E Fund prior to such date shall have been expended for the purposes described in this Section 5.15. FF&E Fund deposits made after such date shall continue to be used for FF&E Fund purposes under this Section 5.15; provided, however, if County elects to require Lessee to remove the Improvements at the end of the Term and requires Lessee to provide security to secure its obligation to perform such removal obligations in accordance with subsection 2.4.2 of this Lease, then Lessee shall have the right to contribute the deposits thereafter required to be made by Lessee under this Section 5.15 towards Lessee's obligations to fund the security requirements in subsection 2.4.2, but only if and to the extent that there are sufficient funds made available in the FF&E Fund for any needed expenditures under this Section 5.15, as determined by Director in Director's reasonable discretion. If County does not require the removal of the Improvements, and at the end of the Term there are amounts remaining in the FF&E Fund that in Director's reasonable judgment were not required for the purposes of this Section 5.15, then Lessee shall be entitled to the return of such funds.

6. CONDEMNATION.

6.1 Definitions.

6.1.1 Condemnation. "Condemnation" means (1) the exercise by any governmental entity of the power of eminent domain, whether by legal proceedings or

otherwise, and (2) a voluntary sale or transfer to any Condemnor (as hereafter defined), either under threat of Condemnation or while legal proceedings for Condemnation are pending.

6.1.2 Date of Taking. "Date of Taking" means the date the Condemnor has the right to possession of the Premises being condemned.

6.1.3 Award. "Award" means all compensation, sums or anything of value awarded, paid or received from a total or partial Condemnation.

6.1.4 Condemnor. "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of eminent domain.

6.2 Parties' Rights and Obligations to be Governed by Lease. If, during the Term of this Lease, there is any taking of all or any part of the Premises, any Improvements on the Premises or any interest in this Lease by Condemnation, the rights and obligations of the parties shall be determined pursuant to the provisions of this Article 6.

6.3 Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the Date of Taking.

6.4 Effect of Partial Taking. If a portion of the Premises or the Improvements thereon are taken by Condemnation, this Lease shall remain in effect, except that Lessee may elect to terminate this Lease if the remaining portion of the Premises are rendered unsuitable (as defined herein) for Lessee's continued use for the purposes contemplated by this Lease. The remaining portion of the Premises shall be deemed unsuitable for Lessee's continued use if, following a reasonable amount of reconstruction (to the extent that funds therefor are available from the anticipated Award), Lessee's business on the Premises could not be operated at an economically feasible level. Lessee must exercise its right to terminate by giving County written notice of its election within ninety (90) days after the nature and extent of the taking and the probable amount of compensation have been determined. Such notice shall also specify the date of termination, which shall not be prior to the Date of Taking. Failure to properly exercise the election provided for in this Section 6.4 will result in this Lease's continuing in full force and effect, except that Annual Minimum Rent shall be abated pursuant to Section 6.5, below.

In the event that Lessee does not elect to terminate this Lease as provided above, then Lessee, whether or not the Awards or payments, if any, on account of such taking shall be sufficient for the purpose, shall, at its sole cost and expense, within a reasonable period of time, commence and complete restoration of the remainder of the Premises as nearly as possible to its value, condition and character immediately prior to such taking, taking into account, however, any necessary reduction in size or other change resulting from the taking; provided, however, that in case of a taking for temporary use, Lessee shall not be required to effect restoration until such taking is terminated.

6.5 Effect of Partial Taking on Rent. If any portion of the Premises is taken by Condemnation and this Lease remains in full force and effect as to the portion of the Premises not so taken (a "Partial Taking"), the Annual Minimum Rent shall be reduced as of the date of the Partial Taking to an amount equal to the Annual Minimum Rent multiplied by the ratio of the

fair market value of the portion of the Premises not so taken to the fair market value of the entire Premises immediately prior to the Partial Taking, but without regard to any diminution in value resulting from the imminent taking. Upon the next Annual Minimum Rent Adjustment Date, as described in subsection 4.2.1.4 above, if any, for the purposes of adjusting the Annual Minimum Rent, all Annual Minimum Rent and Percentage Rent paid by Lessee to County prior to the date of the Partial Taking shall be adjusted, for the purposes of this calculation only, to the proportion that the fair market value of the portion of the Premises which remains after the taking bears to the fair market value of the entire Premises immediately prior to the taking. If the parties cannot agree upon the appropriate Annual Minimum Rent, the matter shall be settled through arbitration in the manner set forth in Article 16 hereof. Any determinations of fair market value made pursuant to this Section 6.5 in connection with any arbitration proceeding shall be predicated upon the "income approach" or "income capitalization approach" to property valuation, as defined in The Dictionary of Real Estate Appraisal and/or The Appraisal of Real Estate, published by the Appraisal Institute or any successor organization (the "Income Approach"). All other obligations of Lessee under this Lease, including but not limited to the obligation to pay Percentage Rent, shall remain in full force and effect.

6.6 Waiver of Code of Civil Procedure Section 1265.130. Each party waives the provisions of Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate this Lease in the event of a Partial Taking of the Premises.

6.7 Payment of Award. Awards and other payments on account of a taking, less costs, fees and expenses incurred in the collection thereof ("Net Awards and Payments"), shall be applied as follows:

6.7.1 Partial Taking Without Termination. Net Awards and Payments received on account of a Taking other than a total Taking or a Partial Taking which results in termination hereof or a taking for temporary use shall be held by County and shall be paid out to Lessee or Lessee's designee(s), in progress payments, to pay the cost of restoration of the Premises. The balance, if any, shall be divided between County and Lessee pro rata, as nearly as practicable, based upon (1) the then value of County's interest in the Premises (including its interest hereunder) and (2) the then value of Lessee's interest in the remainder of the Term of this Lease including bonus value (for such purposes, the Term of this Lease shall not be deemed to have terminated even if Lessee so elects under Section 6.4). Any determinations of fair market value made pursuant to this Section 6.5 shall be predicated upon the Income Approach. Notwithstanding the foregoing, if County is the condemning authority and the taking pertains only to Lessee's interest, then Lessee shall be entitled to the entire amount of the Net Awards and Payments.

In case of a taking other than a total taking or a taking for temporary use, Lessee shall furnish to County evidence satisfactory to County of the total cost of the restoration required by Section 6.4.

6.7.2 Taking For Temporary Use. Net Awards and Payments received on account of a taking for temporary use shall be paid to Lessee; provided, however, that if any portion of any such award or payment is paid by the Condemnor by reason of any

damage to or destruction of the Improvements, such portion shall be held and applied as provided in the first sentence of Section 6.7.1, above.

6.7.3 Total Taking and Partial Taking with Termination. Net Awards and Payments received on account of a total taking or a Partial Taking which results in the termination of this Lease shall be allocated in the following order:

First: There shall be paid to County an amount equal to the greater of (a) the sum of (1) the present value of all Annual Minimum Rent, Percentage Rent and other sums which would become due through the expiration of the Term if it were not for the taking less, in the event of a Partial Taking, an amount equal to the present value of the fair rental value of the portion of the Premises (with the Improvements thereon) not subject to the Partial Taking, from the date of the Partial Taking through the expiration of the Term and (2) the present value of the portion of the Premises (with the Improvements thereon) subject to the taking from and after the expiration of the Term or (b) in the event of a Partial Taking, the present value of the fair market rental value of the portion of the Premises (with the Improvements thereon) subject to the Partial Taking, from and after the expiration of the Term.

Second: There shall be paid to any Encumbrance Holder an amount equal to the sum of any unpaid principal amount of any Encumbrance secured by the Premises plus costs, expenses, and other sums due pursuant the loan documents, if any, and any interest accrued thereon, all as of the date on which such payment is made; and then

Third: There shall be paid to Lessee an amount equal to the value of Lessee's interest in the remainder of the Term of this Lease, including the value of the ownership interest in and use of the Improvements constructed on the Premises, determined as of the date of such taking, less payments made under paragraph Second above. For such purposes, the Term of this Lease shall not be deemed to have terminated even if Lessee so elects under Section 6.4.

Fourth: The balance shall be paid to County.

If County is the condemning authority in connection with a total taking or a partial taking that results in the termination of the Lease, and the taking pertains to only Lessee's interest, then Lessee shall be entitled to the entire amount of any Net Awards and Payments.

6.7.4 Disputes. Any dispute under Article 6 concerning the fair market value of the Premises or any portion thereof, computation of present value or the determination of the amount of Annual Minimum Rent or Percentage Rent or other sums which would have become due over the Term of this Lease which are not resolved by the parties, shall be submitted to arbitration pursuant to Article 16 of this Lease. Such valuations, computations and determinations of value shall be made utilizing the Income Approach.

7. SECURITY DEPOSIT.

7.1 Amount and Use. Lessee shall deliver to and maintain with County a security deposit (the "Security Deposit") in an amount equal to the sum of two (2) times the Monthly Minimum Rent in effect from time to time during the Term (i.e., adjusted to reflect any change in the Monthly Minimum Rent during the Term of this Lease). The Security Deposit shall secure Lessee's obligations pursuant to this Lease, and may be drawn on by County, in whole or in part, to cover (a) delinquent rent not paid by Lessee within any applicable notice and cure period, and (b) any other Events of Default of Lessee under this Lease. The Security Deposit shall be applied at the discretion of County. Lessee shall have the right to maintain the Security Deposit in form of cash or in lieu or replacement of the cash Security Deposit requirement described above, in the form of a certificate of deposit, letter of credit or other approved investment instrument acceptable to County with respect to form, content and issuer. As long as no Event of Default by Lessee exists under the Lease, Lessee shall be entitled to any interest or other earnings which are actually earned on any unapplied portions of the Security Deposit delivered to County in the form of a certificate of deposit or other approved investment instrument (as opposed to cash, on which Lessee shall not be entitled to interest). Provided that no Event of Default then exists under the Lease, at the end of each Lease Year Lessee shall be entitled to a credit for all unexpended interest accruing to Lessee's benefit with respect to the Security Deposit during such Lease Year pursuant to the immediately preceding sentence. Notwithstanding any contrary provision hereof, County shall have the right at any time to apply any accrued but uncredited interest (which accrued during non-Event of Default periods) against delinquent rents and other amounts owed by Lessee under the Lease.

7.2 Replacement. In the event that some or all of the Security Deposit is drawn against by County and applied against any delinquent rent not paid by Lessee within any applicable notice or cure period, or against other Events of Default of Lessee hereunder, Lessee shall, within ten (10) days after receipt of written notice of the amount so applied and the reasons for such application, deposit sufficient additional funds with County, or cause the issuer of any letter of credit to reinstate the letter of credit to its full face amount, so that at all times that this Lease is in effect (other than between the date of the application of funds by County and the expiration of said ten (10) day period), the full amount of the Security Deposit shall be available to County. Failure to maintain and replenish the Security Deposit, if not cured within the time period set forth in subsection 13.1.3, shall constitute an Event of Default hereunder.

7.3 Renewal. Any letter of credit procured by Lessee and delivered to County shall provide for notice to County by the issuer thereof no less than sixty (60) days prior to the expiration of the term of such letter of credit in the event that the issuer thereof is not irrevocably committed to renew the term of such letter of credit. In the event that, thirty (30) days prior to the expiration of such letter of credit, Lessee has not provided County with satisfactory evidence of its renewal or replacement, or has not provided County with adequate replacement security, County may draw down upon the letter of credit and hold the funds as security for Lessee's obligations as set forth in this Lease and may apply the funds to cover delinquent rent not paid by Lessee within any applicable notice and cure period and/or any other Event of Default of Lessee under this Lease.

8. INDEMNITY.

Except to the extent caused by the gross negligence or willful misconduct of any such indemnitee, Lessee shall at all times relieve, defend, indemnify, protect, and save harmless County and its respective Boards, officers, agents, consultants, counsel, employees and volunteers from any and all claims, costs, losses, expenses or liability, including expenses and reasonable attorneys' fees incurred in defending against the same by an attorney selected by Lessee and reasonably satisfactory to County, for the death of or injury to persons or damage to property, including property owned or controlled by or in the possession of County or any of its Board, officers, agents, employees or volunteers, to the extent that such arises from or is caused by (a) the operation, maintenance, use, or occupation of the Premises (other than the Promenade and the Seawall) by Lessee or its agents, officers, employees, licensees, concessionaires, permittees or Sublessees, (b) the acts, omissions, or negligence of Lessee, its agents, officers, employees, licensees, concessionaires, permittees or Sublessees, or (c) the failure of Lessee, its agents, officers, employees, licensees, concessionaires, permittees or Sublessees to observe and abide by any of the terms or conditions of this Lease or any applicable law, ordinance, rule, or regulation. The obligation of Lessee to so relieve, indemnify, protect, and save harmless County and each of its respective Boards, officers, agents, consultants, counsel, employees and volunteers, shall continue during any periods of occupancy or of holding over by Lessee, its agents, officers, employees, licensees, concessionaires, permittees or Sublessees, beyond the expiration of the Term or other termination of this Lease. Notwithstanding anything in this Lease to the contrary, Lessee and County acknowledge that their respective liability, if any, arising out of the operation, maintenance, use and/or occupation of the Promenade shall be governed by Applicable Law.

9. INSURANCE.

9.1 Lessee's Insurance. Without limiting Lessee's indemnification of County, during the Term of this Lease Lessee shall provide and maintain the following insurance issued by companies authorized to transact business in the State of California by the Insurance Commissioner and having a "general policyholders rating" of at least A-VII (or such higher rating as may be required by an Encumbrance Holder) as set forth in the most current issue of "A.M. Best's Key Rating Guide" or an equivalent rating from another industry-accepted rating agency.

9.1.1 General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) and endorsed to name County as an additional insured, with limits of not less than the following:

General Aggregate:	$20,000,000
Products/Completed Operations Aggregate:	$20,000,000
Personal and Advertising Injury:	$10,000,000
Each Occurrence:	$10,000,000

Lessee may satisfy the above coverage limits with a combination of primary coverage ("Primary Coverage") and excess liability coverage ("Umbrella Coverage") (as long as (a) Lessee's Primary Coverage is at least One Million Dollars ($1,000,000) per occurrence, One Million Dollars ($1,000,000) annual aggregate, and (b) the combination of such Primary Coverage and Umbrella Coverage provides County with the same protection as if Lessee had carried primary coverage for the entire limits and coverages required under this Section 9.1.1.

9.1.2 Automobile Liability insurance (written on ISO form CA 00 01 or its equivalent) with a limit of liability of not less than One Million Dollars ($1,000,000) of Primary Coverage and One Million Dollars ($1,000,000) of Umbrella Coverage, for each accident and providing coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto." During any period of operation of valet parking facilities, Lessee also shall provide Garagekeeper's Legal Liability coverage, (written on ISO form CA 99 37 or its equivalent) with limits of not less than Three Million Dollars ($3,000,000) for this location.

9.1.3 Workers Compensation and Employers' Liability insurance providing workers compensation benefits, as required by the Labor Code of the State of California and for which Lessee is responsible, and including Employers' Liability coverage with limits of not less than the following:

Each Accident:	$1,000,000
Disease - policy limit:	$1,000,000
Disease - each employee:	$1,000,000

9.1.4 Commercial Property insurance covering damage to the Premises, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake, and including Ordinance or Law Coverage, written for the full replacement value of the Improvements, with a deductible no greater than $250,000 or 5% of the property value, which ever is less, and also including business interruption, including loss of rent equal to eighteen (18) months of rent, with proceeds payable to Lessee and County as their interests may appear and utilized for repair and restoration of the Premises and Improvements. Notwithstanding the foregoing, during any period during which no Improvements exist on the Premises or all of the existing Improvements are being demolished in connection with the construction of Redevelopment Work, the obligation to provide insurance under this subsection 9.1.4 shall not be applicable so long as the insurance coverage described in subsection 9.1.5 below is carried.

9.1.5 For construction projects, including any Alterations or restoration, on the Premises, Lessee or Lessee's contractor or subcontractors will provide the following

insurance (County reserves the right to determine the coverage and coverage limit required on a project by project basis.):

9.1.5.1 Builder's Risk Course of Construction to insure against damage from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30). This insurance shall be endorsed to include ordinance or law coverage, coverage for temporary offsite storage, debris removal, pollutant cleanup and removal, testing, preservation of property, excavation costs, landscaping, shrubs and plants and full collapse coverage during construction (without restricting collapse coverage to specified perils. This insurance shall be written on a completed-value basis and cover the entire value of the construction project, including County furnished materials and equipment, against loss or damage until completion and acceptance by Lessee.

9.1.5.2 General Liability. Such insurance shall be written on ISO policy form CG 00 01 or its equivalent with limits as reasonably required by the County for the Alterations. The products/completed operations coverage shall continue to be maintained for the following periods: (a) in the case of the Redevelopment Work, three (3) years after the date the Redevelopment Work is completed and accepted by the Lessee, or (b) in the case of Alterations after the completion of the Redevelopment Work, such period after the date such Alterations are completed and accepted by Lessee as reasonably determined by County, but not to exceed three (3) years after such completion and acceptance.

9.1.5.3 Automobile Liability. Such coverage shall be written on ISO policy form CA 00 01 or its equivalent with a limit of liability as reasonably required by the County for the Alterations. Such insurance shall include coverage for all "owned," "hired" and "non-owned" automobiles, or coverage for "any auto."

9.1.5.4 Professional Liability. Such insurance shall cover liability arising from any error, omission, negligent or wrongful act of the contractor and/or licensed professional (i.e. architects, engineers, surveyors, etc.). This coverage shall also provide an extended two-year reporting period commencing upon termination or cancellation of the construction project. The limits of the coverage required under this subsection 9.1.5.4 shall be (a) Three Million Dollars ($3,000,000) with respect to the prime architect for the Redevelopment Work (or such lesser amount as required by Director for the prime architect in connection with any subsequent Alterations), and (b) One Million Dollars ($1,000,000) with respect to each other contractor, subcontractor, architect, engineer, surveyor or other licensed professional rendering services in connection with the design or construction of the Redevelopment Work or subsequent Alterations, provided that Director shall have the discretion to reduce the coverage limits under this clause (b) if appropriate in the judgment of Director based on the nature and scope of the services being provided.

9.1.5.5 Asbestos Liability or Contractors Pollution Liability insurance, if construction requires remediation of asbestos or pollutants, and if such insurance is available. Such insurance shall cover liability for personal injury and property damage arising from the release, discharge, escape, dispersal or emission of asbestos or pollutants, whether gradual or sudden, and include coverage for the costs and expenses associated with voluntary clean-up, testing, monitoring and treatment of asbestos in compliance with governmental mandate or order. If the asbestos or pollutant will be removed from the construction site, asbestos or pollution liability is also required under the contractor's of subcontractor's Automobile Liability Insurance. Contractor shall maintain limits as reasonably required by the County for the Alterations.

9.1.6 If the use of the Premises or Improvements involves any manufacture, distribution or service of alcoholic beverages, Liquor Liability insurance (written on ISO policy form CG 00 33 or 34 or their equivalent) with a liability limit of not less than Five Million Dollars ($5,000,000) per occurrence and an annual aggregate of Ten Million Dollars ($10,000,000), which limits may be covered by a combination of Primary Coverage and Umbrella Coverage. If written on a claims made form, the coverage shall also provide an extended two-year reporting period commencing upon the termination or cancellation of the Lease.

9.2 Provisions Pertaining to Property Insurance. The insurance coverage required in Sections 9.1.4 and 9.1.5.1 shall name the County as an additional insured and any Encumbrance Holder as loss payee. Subject to Section 12.8, upon the occurrence of any loss, the proceeds of property and builder's risk insurance shall be held by County in trust for the named insureds as their interests appear, and shall be disbursed by County on a monthly basis to pay for work completed in accordance with then-prevailing industry custom and practice; provided, however, that if the insurance proceeds received with respect to a loss are less than $500,000 (as adjusted to reflect any increase in the ENR Index during the period from the Effective Date through the date of the loss), the Encumbrance Holder shall have the right to hold and disburse such proceeds to pay the renovation and repair of Improvements in accordance with the terms of the loan agreement or deed of trust with Lessee's Encumbrance Holder. In the event of a loss, Lessee shall be obligated to rebuild or replace the destroyed or damaged buildings, structures, equipment, and Improvements, in accordance with the procedures set forth hereinabove for the initial construction, except as otherwise provided in Article 11 hereof. Subject to Section 12.8, any surplus or proceeds after said rebuilding or replacement shall be distributed to Lessee.

9.3 General Insurance Requirements. Subject to the immediately following grammatical paragraph, a duplicate policy or policies (or certificates of insurance) evidencing the insurance coverage required under this Article 9, in such form as shall be reasonably acceptable to County, shall be filed with Director no later than the Effective Date, provided that the evidence of the insurance coverage required under Section 9.1.5 shall be required to be delivered by Lessee prior to the commencement of any Alterations. All certificates of insurance shall (a) specifically identify the Lease; (b) clearly evidence all coverages required under the Lease; (c) identify any deductibles or self-insured retentions exceeding $25,000 or such other commercially reasonable amount as approved by the Director; and (d) evidence all other requirements under this Article 9. The policy or policies of insurance shall provide that such insurance coverage will

not be canceled or reduced without at least thirty (30) days prior written notice to Director or ten (10) business days in case of cancellation for failure to pay the premium. At least ten (10) business days prior to the expiration of such policy, a certificate showing that such insurance coverage has been renewed shall be obtained by Lessee and filed with Director.

In lieu of submitting a copy of the policy or policies evidencing the above insurance, Lessee may submit in a form reasonably acceptable to County a certificate of insurance.

Any insurance coverage may be issued in the form of a blanket policy insuring other properties, in form, amount and content reasonably satisfactory to County such that such coverage provides the same protection as required under this Article 9 as if the insurance had been procured on an individual property basis.

9.4 Additional Required Provisions. Lessee's insurance policies required by this Article 9 shall be for a term of not less than one year and shall additionally provide:

(c) that County and its respective Board of Supervisors and members thereof, and County's officers, agents, employees and volunteers, shall be named as additional insureds under any liability insurance policy or policies;

(d) that the full amount of any losses to the extent property insurance proceeds are available shall be payable to additional insureds notwithstanding any act, omission or negligence of Lessee which might otherwise result in forfeiture of such insurance;

(e) in any property insurance policy, a waiver of all right of subrogation against County and its respective Board of Supervisors and members thereof, and County's officers, agents, employees and volunteers with respect to losses payable under such policies;

(f) in any property insurance policy, that such policies shall not be invalidated should the insured waive, prior to a loss, any or all right of recovery against any party for losses covered by such policies;

(g) to the extent of the indemnification obligations of Lessee in favor of any additional insureds, the property and commercial general liability insurance policies shall provide coverage on a primary and non-contributory basis with respect to such additional insureds, regardless of any other insurance or self-insurance that such additional insureds may elect to purchase or maintain;

(h) that losses, if any, shall be adjusted with and payable to Lessee, County and Encumbrance Holders, if any, pursuant to a standard mortgagee clause;

(i) that such policies shall not be suspended, voided, canceled, reduced in coverage or in limits or materially changed without at least thirty (30) days prior written notice to County and all Encumbrance Holders or ten (10) business days in case of cancellation for failure to pay the premium;

(j) that the commercial general liability insurance shall apply separately to each insured against whom a claim is made, except with respect to the overall limits of said insurer's liability; and,

(k) that the property and commercial general liability insurance policies shall contain no special limitations on the scope of protection afforded to the additional insureds, and no failure to comply with the reporting provisions of such policies shall affect the coverage afforded to such additional insureds.

9.5 Failure to Procure Insurance. If Lessee fails to procure or renew the herein required insurance and does not cure such failure within five (5) business days after written notice from County, in addition to the other rights and remedies provided hereunder, County may, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith. All monies so paid by County shall be repaid by Lessee, with interest thereon at the Applicable Rate, to County within five (5) business days after Lessee's receipt of written demand therefor.

9.6 Adjustment to Amount of Liability Coverage. The amounts of liability insurance required under Section 9.1.1, 9.1.2 and 9.1.3 shall be subject to renegotiation as of each fifth (5th) anniversary of the Effective Date (each, an "Insurance Renegotiation Date"). If County and Lessee cannot agree upon the amount of insurance by the sixtieth (60th) day preceding an Insurance Renegotiation Date, the matter shall be resolved by binding arbitration in accordance with Article 16. In no event shall the amounts of liability insurance be decreased as a result of such renegotiation or arbitration. Following such renegotiation or arbitration, the parties shall execute an amendment to this Lease setting forth the renegotiated insurance provisions or the arbitration judgment, as appropriate.

9.7 Notification of Incidents, Claims or Suits. Lessee shall notify County of any accident or incident on or about the Premises which involves injury or property damage over Fifty Thousand Dollars ($50,000.00) in the aggregate and pursuant to which a claim against Lessee and/or County is made or threatened. Such notification shall be made in writing within 72 hours after Lessee first becomes aware of the claim or threatened claim.

10. MAINTENANCE AND REPAIR; DAMAGE AND DESTRUCTION.

10.1 Lessee's Maintenance and Repair Obligations. Lessee shall maintain the Premises, including paved or unpaved ground surfaces and Improvements thereon (including the Promenade, but excluding the Excluded Conditions and excluding the Seawall), in conformance with the Minimum Standards regarding the use and occupancy of commercial and anchorage projects in Marina del Rey (such as the Premises) as revised from time to time by County in a manner consistent with commercially reasonable maintenance standards applicable to other comparable commercial and anchorage projects in Marina del Rey (the "Maintenance Standard"). Any dispute as to whether revisions to the Maintenance Standard adopted by the County from time to time pursuant to the immediately preceding sentence is commercially reasonable shall be submitted to arbitration pursuant to Article 16 of this Lease. . Without limiting the foregoing, at Lessee's sole cost and expense, but subject to the terms and conditions of this Lease, Lessee shall keep and maintain the Premises (including the Promenade) and all

equipment, Improvements or physical structures of any kind which may exist or be erected, installed or made on the Premises in good and substantial repair and condition, including without limitation capital improvements and structural and roof repairs and replacement, and shall make all necessary repairs and alterations and replacements thereto, except as otherwise provided in this Article 10. Lessee's obligations shall include the obligation to keep all dock facilities in good repair and condition in accordance with the Minimum Standards.

Lessee shall undertake such repairs, alterations or replacements in compliance with Applicable Laws, the Maintenance Standard and the terms and provisions of this Article 10. Lessee shall maintain all Improvements on the Premises (other than the Excluded Conditions and the Seawall) in a safe, clean, wholesome and sanitary condition, in the commercially reasonable judgment of Director, and in compliance with all Applicable Laws. Lessee shall, at its own cost and expense, install, maintain and replace landscaping between the streets abutting the Premises and the building footprints on the Premises as is necessary in the commercially reasonable judgment of the Director to maintain the appearance of the Premises in a manner consistent with the Maintenance Standard. Lessee specifically agrees to provide proper containers for trash and garbage which are screened from public view, to keep the Premises free and clear of rubbish and litter. County in its proprietary capacity shall have the right to enter upon and inspect the Premises at any reasonable time for cleanliness, safety and compliance with this Section 10.1, as long as such entrance is not done in a manner which would unreasonably interfere with the operation of the Premises. The exclusion of the Excluded Conditions and the Seawall from Lessee's maintenance obligations under this Section 10.1 shall not relieve Lessee from the obligation to repair and restore any damage to the Excluded Conditions and/or the Seawall caused by Lessee, its agents, employees, subtenants or contractors, or by Improvements constructed by or on behalf of Lessee, and Lessee hereby agrees to perform such repair or restoration work at Lessee's sole cost and expense.

Lessee shall at all times during the Term keep all Anchorage Facilities in good repair and condition in accordance with the requirements of the Minimum Standards. During the Term Lessee shall also complete float repair and replacement on an as-needed basis. Any requirement for repair of the Anchorage Facilities due to a deficiency notice issued by the Department shall be accomplished with new materials and parts rather than patching or other like method. Such required replacement of deficiency-cited items with wholly new parts and materials shall, however, be limited to the specific item in disrepair and shall not connote a requirement, for maintenance purposes, that areas or items surrounding the deficient item be replaced with new materials and/or parts.

10.2 Maintenance Deficiencies. If County provides written notice to Lessee of a deficiency or other breach in the performance by Lessee of the maintenance and repair obligations of Lessee under Section 10.1 above, then Lessee shall promptly commence the cure thereof and shall complete such cure within the time period for such cure set forth in the County's deficiency notice, which cure period shall not be less than thirty (30) days except if the deficiency pertains to a condition that is a threat to health or safety or otherwise constitutes an emergency situation, in which case County shall have the right to immediately require Lessee to take all appropriate steps to avoid damage or injury. If Lessee fails to cure any such deficiency within the cure period set forth in County's deficiency notice (which cure period shall comply with the requirements of the immediately preceding sentence of this Section 10.2), then in

addition to, and not in lieu of, any rights or remedies that County may have under Article 13 of this Lease for defaults not cured within the applicable notice and cure periods set forth therein, Lessee shall pay to County an amount equal to One Hundred Dollars ($100) per day per item of deficiency for each day after such cure period that the deficiency item remains uncured; provided, however, if the nature of the deficiency is such that it is not capable of cure within the cure period specified in County's notice (for example, as a result of permitting requirements or construction material procurement delays beyond the control of Lessee), then as long as during the specified cure period Lessee commences the cure of the deficiency and thereafter continues the prosecution of the completion of such cure in a manner and with such diligence that will effectuate the cure in as short a period as reasonably possible, then the cure period specified in County's deficiency notice shall be extended for such additional time as necessary to complete the cure in as short a period as reasonably possible.

For purposes of determining the number of items of deficiency set forth in a deficiency notice received from the County, County shall reasonably identify the separate deficiencies so as not to unfairly increase the daily amount payable under this Section 10.2 by separating the work into unreasonably particularized items (e.g., the requirement to paint the exterior of a building shall not be split into individual deficiency items for the painting of each individual door, window or other component of such building). If a cited deficiency is not health or safety related and does not otherwise constitute an emergency, and if in the reasonable and good faith business judgment of Lessee the deficiency notice was erroneously issued by County, then Lessee shall have the right to contest such deficiency notice by written notice to Director within five (5) business days after the date the deficiency notice is received by Lessee. If Lessee files any such contest with Director, then Director shall have the right, in the exercise of Director's discretion, to consider such contest. If Lessee's contest is made on a reasonable and good faith basis, then the cure period for the deficiency notice shall be tolled during the period between the date Director receives written notice of such contest and continuing until Director notifies Lessee in writing that either Director denies Lessee's contest or that Director has determined not to consider such contest, and the daily penalty set forth above in this Section 10.2 shall not be applicable during the period that the cure period is tolled. The One Hundred Dollars ($100) per diem amount set forth in this Section 10.2 shall be adjusted every three (3) years during the remaining Lease Term on each third (3rd) anniversary of the Effective Date to reflect any change in the Consumer Price Index over the three (3) year period immediately preceding each such adjustment. If Lessee fails to pay any amounts payable by Lessee under this Section 10.2 within ten (10) days after written notice from County, then County shall have the right to draw on the Security Deposit to cover such unpaid amounts.

10.3 Option to Terminate for Uninsured Casualty. In the event of any damage to or destruction of the Premises, or any Improvements located thereon (other than the Excluded Conditions and the Seawall, except to the extent damage thereto is caused by the Lessee, its agents, employees, subtenants or contractors, or by Improvements constructed by or on behalf of Lessee), Lessee shall, except as otherwise expressly provided in this Section 10.3, promptly (taking into consideration the necessity of obtaining approvals and permits for such reconstruction) repair and/or restore such Improvements to their condition existing prior to the damage or destruction. Except as otherwise expressly provided in this Section 10.3, such obligation to repair and restore is absolute, and is in no way dependent upon the existence or availability of insurance proceeds. Repair and restoration of any damage or destruction shall

take place in accordance with the provisions of Article 5. Notwithstanding the foregoing, Lessee shall have the option to terminate this Lease and be relieved of the obligation to restore the Improvements on the Premises where all or substantially all of the Improvements on the Premises (other than the Excluded Conditions and the Seawall) are substantially damaged or destroyed and such damage or destruction resulted from a cause not required to be insured against by this Lease (an "Uninsured Loss"), and where all of the following occur:

10.3.1 No more than one hundred (100) days following the Uninsured Loss, Lessee shall notify County of its election to terminate this Lease; to be effective, this notice must include both a copy of Lessee's notification to the Encumbrance Holder, if any, of Lessee's intention to exercise this option to terminate and Lessee's certification under penalty of perjury that Lessee has delivered or mailed such notification to the Encumbrance Holder in accordance with this subsection 10.3.1. County shall be entitled to rely upon the foregoing notice and certification as conclusive evidence that Lessee has notified the Encumbrance Holder regarding Lessee's desire to terminate this Lease.

10.3.2 No more than sixty (60) days following the giving of the notice required by subsection 10.3.1 or such longer time as may be reasonable under the circumstances, Lessee shall, at Lessee's expense: remove all debris and other rubble from the Premises; secure the Premises against trespassers; and, at County's election, remove all remaining Improvements on the Premises.

10.3.3 No more than sixty (60) days following the loss, Lessee delivers to County a quitclaim deed to the Premises in recordable form, in form and content satisfactory to County and/or with such other documentation as may be reasonably requested by County or any title company on behalf of County, terminating Lessee's interest in the Premises and reconveying such interest to County free and clear of any and all Encumbrances and Subleases.

10.3.4 Within ten (10) days following the County's receipt of the notice referred to in subsection 10.3.1, County has not received both written notice from the Encumbrance Holder, if any, objecting to such termination and an agreement containing an effective assignment of Lessee's interest in this Lease to such Encumbrance Holder whereby such Encumbrance Holder expressly assumes and agrees to be bound by and perform all of Lessee's obligations under this Lease.

10.4 No Option to Terminate for Insured Casualty. Lessee shall have no option to terminate this Lease or otherwise be relieved of its obligation to restore the Improvements on the Premises where the damage or destruction results from a cause required to be insured against by this Lease.

10.5 No County Obligation to Make Repairs. County shall have no obligation whatsoever to make any repairs or perform any maintenance on the Premises; provided, however, that Director shall in its good faith discretion consider the application of funds toward the maintenance, repair and replacement of the existing seawall protecting the Premises (the "Seawall") if and to the extent such funds are made available to Director for such uses by County and its Board of Supervisors. Director shall undertake such maintenance, repair and

replacement, if any, with due diligence consistent with the funding provided. In the event the Seawall is in imminent danger of collapse or has collapsed, Director shall promptly seek funding from the Board of Supervisors for repair or replacement as may be necessary to avoid or repair such collapse. If County is obligated to maintain or repair the Seawall under the terms of a lease between the County and any other lessee in Marina del Rey, or if County in fact maintains or repairs the Seawall for the benefit of any other lessee in Marina del Rey, County shall have the same obligation(s) with respect to the Seawall protecting the Premises. Except as expressly provided in this Section 10.7, County shall have no obligation to maintain or repair the Seawall..

10.6 Repairs Not Performed by Lessee. If Lessee fails to make any repairs or replacements as required, Director may notify Lessee of said failure in writing, and should Lessee fail to cure said failure and make repairs or replacements within a reasonable time as established by Director, County may make such repairs or replacements and the cost thereof, including, but not limited to, the cost of labor, overhead, materials and equipment, shall be charged against Lessee as provided in Section 13.5.

10.7 Other Repairs. Although having no obligation to do so, County may, at its own cost and at its sole discretion, perform or permit others to perform any necessary dredging, filling, grading or repair of water systems, sewer facilities, roads, or other County facilities on or about the Premises. Any entry by County onto the Premises pursuant to this Section 10.7 and any entry onto the Premises to perform work on the Seawall pursuant to Section 10.5 above, shall be made in accordance with the following requirements: (i) prior to entry onto the Premises County shall cause each of its contractors to provide to Lessee evidence that such contractor has procured commercial general liability insurance coverage pertaining to such contractor's activities on the Premises, which insurance coverage shall be consistent with County's insurance requirements generally applicable to County contractors, and shall name Lessee as an additional insured; (ii) County's contractors shall comply with industry standard safety requirements; (iii) County shall repair, or cause its contractors to repair, any damage to the Premises caused by the activities of County and/or it contractors on the Premises pursuant to this Section 10.7 or Section 10.5 above; and (iv) any entry onto the Premises by County or its contractors for the purpose of performing work pertaining to the Seawall shall be confined to the Promenade and the fire access lane over the Premises, except in extraordinary circumstances to the extent that due to the scope or nature of the work and/or due to safety concerns, the work cannot reasonably be confined to such area. In any such extraordinary situation County and Lessee agree to cooperate to define a work and/or access area that is reasonably acceptable to both parties.

10.8 Notice of Damage. Lessee shall give prompt notice to County of any fire or material damage affecting the Premises from any cause whatsoever.

10.9 Waiver of Civil Code Sections. The parties' rights shall be governed by this Lease in the event of damage or destruction. The parties hereby waive the provisions of California Civil Code Section 1932 and any other provisions of law which provide for contrary or additional rights.

11. ASSIGNMENT AND SUBLEASE.

11.1 Subleases.

11.1.1 Definition. The term "Sublease" shall mean any lease, license, permit, concession or other interest in the Premises (including, without limitation, the Improvements), or a right to use the Premises or a portion thereof, which is conveyed or granted by Lessee to a third party, and which constitutes less than the unrestricted conveyance of the entire Lessee's interest under this Lease. "Sublessee" shall be the person or entity to whom such right to use is conveyed by a Sublease. A Sublease which grants or conveys to the Sublessee the right to possess or use all or substantially all of the Premises is sometimes referred to in this Lease as a "Major Sublease" and the Sublessee under such agreement is sometimes referred to in this Lease as a "Major Sublessee".

11.1.2 Approval Required. At least thirty (30) days prior to the proposed effective date of any Sublease that is not a Major Sublease, or of any assignment or material amendment of such Sublease, Lessee shall submit a copy of such Sublease (or amendment or assignment thereof) to Director for approval, which approval shall not be unreasonably withheld. To the extent practical, Director shall approve or disapprove said proposed Sublease, amendment or assignment within thirty (30) days after receipt thereof. In no event, however, shall any such Sublease, amendment or assignment be made or become effective without the prior approval of Director. Each such Sublease shall specifically provide that the Sublessee shall comply with all of the terms, covenants, and conditions of this Lease applicable to the portion of the Premises subject to the Sublease. If Director disapproves a Sublease, Director shall notify Lessee in writing of the reason or reasons for such disapproval.

11.1.3 Major Sublease. Lessee shall enter into a Major Sublease only with a reputable owner or manager of comparable commercial and marina facilities such as exist on the Premises. In light of the inherent detailed nature of a Major Sublease, Lessee shall deliver to County a copy of any proposed Major Sublease, or any sub-sublease or any other document pursuant to which an interest is proposed to be transferred in all or substantially all of the Premises, not less than sixty (60) days prior to the proposed effective date of such proposed Major Sublease or other document, for County's review and approval pursuant to the procedures and requirements specified in Section 11.2.

11.2 Approval of Assignments and Major Subleases. Except as specifically hereinbefore provided in this Article 11, Lessee shall not, without the prior written consent of County, which shall be based upon factors described in Exhibit C hereto, which is incorporated herein by this reference ("Assignment Standards"), either directly or indirectly give, assign, hypothecate, encumber, transfer, or grant control of this Lease or any interest, right, or privilege therein (including without limitation the right to manage or otherwise operate the Improvements located from time to time on the Premises), or enter into a Major Sublease affecting the Premises, or license the use of all or substantially all of the Premises. Any Change of Ownership that is not an Excluded Transfer shall constitute an assignment of Lessee's interest under this Lease. In addition, for purposes of this provision, the following matters (except for Excluded Transfers) shall require the prior written consent of County to be effective: (1) the addition, removal or replacement of one or more general partners or managing members in a Lessee which is a limited partnership or limited liability entity, except (a) by death, insolvency, incapacity, resignation (except for a sole general partner, if any) or removal of a general partner or managing member and his replacement by a vote of the limited partners, the remaining general partners or

remaining members, or (b) if any general partner or managing member owning more than fifty percent (50%) of the interests of the partnership or limited liability entity acquires the interest of another general partner or managing member owning fifteen percent (15%) or less of the interests in the partnership or limited liability entity; or (2) the sale, assignment, or transfer of fifty-percent (50%) or more of the stock, partnership interests or limited liability company interests in an entity that owns, or is a general partner or managing member of an entity that owns, an interest in this Lease. Lessee shall provide County with any information reasonably requested by County in order to determine whether or not to grant approval of the matters provided herein requiring County's consent. These same limitations and approval requirements as to Lessee's interest in the Lease shall also apply with respect to the Sublessee's interest under a Major Sublease.

11.2.1 County's Use of Discretion and Limitation on Permissible Assignees. In exercising its discretion to approve assignments as provided in this Section 11.2, County shall take into account the Assignment Standards and, if County determines that such Assignment Standards are satisfied, County shall not withhold or unreasonably delay its consent to any proposed assignment. If County withholds its consent to an assignment, County shall notify Lessee in writing of the reason or reasons for such disapproval.

11.2.2 Involuntary Transfers Prohibited. Except as otherwise specifically provided in this Lease, neither this Lease nor any of the Lessee's interest in this Lease (as opposed to ownership interests in Lessee itself) shall be assignable or transferable in proceedings in attachment, garnishment, or execution against Lessee, or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against Lessee, or by any process of law including proceedings under the Bankruptcy Act.

11.2.3 Procedure. Requests for approval of any proposed assignment shall be processed in accordance with the following procedures:

11.2.3.1 Prior to entering into any agreement requiring the approval of County pursuant to Sections 11.1 or 11.2, Lessee (or the entity seeking approval of such assignment) shall notify County and deliver to County all information relevant to the proposed assignment, including without limitation any term sheets, letters of intent, draft Major Subleases, any other documents which set forth any proposed agreement regarding the Premises and the information set forth in subsection 11.2.3.5. County will evaluate the information provided to it and County may request additional information as may be reasonably necessary to act on the request. Under no circumstances will County formally discuss an assignment with any proposed assignee prior to reviewing the proposal with Lessee.

11.2.3.2 In completing its review of the proposal and granting or withholding its consent thereto, County will not be bound by any deadline contained in any proposed assignments, Major Subleases, escrow instructions or other agreements to which County is not a party.

11.2.3.3 Lessee acknowledges that the time needed for County to review a proposed assignment depends on many factors, including without limitation the complexity of the proposed transaction, the financial and other information submitted for review, and the workload of County's personnel. Notwithstanding the foregoing, County shall act as promptly as governmental processes permit in processing and acting upon a requested approval of an assignment of Lessee's interest under this Article 11.

11.2.3.4 Lessee shall be required to reimburse County for its Actual Costs incurred in connection with the proposed assignment, whether or not County ultimately grants its approval to the proposed assignment (without duplication with any Administrative Charge payable under Section 4.6.

11.2.3.5 Lessee or the proposed assignee shall provide County with sufficient information for County to determine if the public interest will be served by approving the proposed transaction. The information that must be provided includes, but shall not be limited to, the following:

(a) Nature of the Assignee. Full disclosure is required in accordance with this Lease and County's applicant disclosure policy then in effect. Additionally, a flowchart identifying the chain of ownership of the assignee and its decision-making authority shall be provided to County. County shall be advised if the proposed assignee, or any other person or entity for whom disclosure is required pursuant to County's disclosure policy, has had any leasehold or concessionaire's interest canceled or terminated by the landlord due to the tenant or Lessee's breach or default thereunder;

(b) Financial Condition of Assignee. County shall be provided with current, certified financial statements, including balance sheets and profit and loss statements, demonstrating the proposed assignee's financial condition for the preceding five (5) years, or such shorter period that assignee has been in existence. This requirement shall also apply to any related person or entity which will be responsible for or guarantee the obligations of the proposed assignee or provide any funds or credit to such proposed assignee.

(c) Financial Analysis. County shall be provided with the proposed assignee's financing plan for the operation of the Premises (unless the assignment is pursuant to a Change of Ownership that is an Excluded Transfer or is pursuant to a Change of Ownership that involves the transfer of only beneficial ownership interests in the constituent owners of Lessee, and following such transfer there is no intended change in the financing plan for the operation and improvement of the Premises) and for any contemplated improvement thereof, demonstrating such proposed assignee's financial capability to so operate the Premises and construct such improvements. Such financing plan shall include, but not be limited to, information detailing (1) equity capital; (2) sources and uses of funds; (3) terms of financing; (4) debt service coverage and ratio; and (5) loan to value ratio. The proposed assignee shall also provide County with documentation demonstrating such proposed assignee's financial viability, such as letters of commitment from financial institutions which demonstrate the availability of sufficient

funds to complete any proposed construction or improvements on the Premises. Further, such proposed assignee shall authorize the release of financial information to County from financial institutions relating to the proposed assignee or other information supplied in support of the proposed assignment.

(d) Business Plan. County shall be provided with the proposed assignee's business plan for the Premises (unless the assignment is pursuant to a Change of Ownership that constitutes an Excluded Transfer or is pursuant to a Change of Ownership that involves the transfer of only beneficial ownership interests in the constituent owners of Lessee, and following such transfer there is no intended change in the business plan for the Premises), including pro forma financial projections for the Premises for the five (5) year period beginning upon the commencement of the proposed assignment. Such pro forma projections will include capital costs, income and expenses, as well as debt service and all other payments to providers of debt and equity, and will be accompanied by a statement of basic assumptions and an identification of the sources of the data used in the production of such projections.

(e) Assignor's Financial Statements. County shall be provided with certified financial statements, including balance sheets and profits and loss statements concerning the assignor Lessee and its operations for the three (3) most recent years prior to the proposed transaction.

(f) Cure of Defaults. County shall be provided with the proposed assignee's specific plans to cure any and all delinquencies under this Lease which may be identified by County, whether identified before or after the date of the proposed assignment.

(g) Prospectus Materials. County shall be provided with any materials distributed to third parties relating to the business of the proposed assignee to be conducted on, from or relating to the Premises.

(h) Other Information. County shall be provided with a clear description of the terms and conditions of the proposed assignment, including a description of the proposed use of the Premises and any proposed alterations or improvements to the Premises. Additionally, County shall be provided with any and all other information which it reasonably requests of Lessee to assist in its review of the proposed transaction, including without limitation materials pertinent to the issues noted in this subsection to the extent that they exist, such as escrow instructions, security agreements, personal property schedules, appraisals, market reports, lien releases, UCC Statements, preliminary title reports, management agreements affecting the Premises, contracts in excess of $25,000 affecting the Premises, schedules of pending or threatened litigation, and attorneys' closing opinions relating to Lessee, the proposed assignee or the Premises. County shall endeavor to keep the foregoing materials confidential, subject to the Public Records Act and other Applicable Laws.

11.2.3.6 Nondisturbance. At the request of Lessee, County shall agree to execute a subordination, nondisturbance and attornment agreement and a ground

lessor's estoppel certificate on commercially reasonable terms in favor of any Major Sublessee.

11.2.3.7 Final Documents. Prior to granting its approval over any proposed assignment, County shall be provided with an executed Assignment and Acceptance of Assignment in form and content as approved or supplied by the County. Ten (10) copies of each must be submitted to County, of which five (5) shall be signed originals and properly acknowledged.

11.2.4 County Right to Recapture. If Lessee proposes to assign its interest in this Lease or the Premises, or proposes to enter into any Major Sublease affecting the Premises (with either such proposed transaction herein referred to as a "Proposed Transfer"), it shall provide County with written notice of such desire and the sale price ("Lessee Sale Price") at which it is willing to consummate the Proposed Transfer. Within thirty (30) days thereafter, County shall provide Lessee with written notification as to whether it has elected to acquire an option to purchase the interest subject to the Proposed Transfer. During said thirty (30) day period, Lessee may continue to market the interest subject to the Proposed Transfer, provided that such interest is offered subject to County's rights as provided herein. In the event that, prior to the expiration of said thirty (30) day period, County has given notice to Lessee that it has elected to acquire said option, County shall have an assignable option to purchase the interest subject to the Proposed Transfer ("County Option") at the Lessee Sale Price. Such County Option shall have a term of five (5) calendar months from the date of County's notice of its election to acquire such option. During the term of the County Option, Lessee shall make the Premises and its books and records reasonably available for inspection by County and third parties as reasonably requested by County. In the event that County causes Lessee to issue the County Option and subsequently declines to purchase the interest subject to the Proposed Transfer at the Lessee Sale Price, County shall pay to Lessee at the expiration of the County Option period (or, at County's election, credit to Lessee against the next applicable installment(s) of Annual Minimum Rent and Percentage Rent), a sum (the "County Option Price") which represents (i) three percent (3%) of the Lessee Sale Price, plus (ii) seven percent (7%) interest per annum on said three percent (3%) of the Lessee Sale Price, from the date Lessee received notice of County's election to receive the County Option through the date on which the County Option Price, together with interest thereon, is paid or credited in full. If County either (a) fails to elect to acquire the County Option within said thirty (30) day period, or (b) gives notice that it has elected not to acquire the interest subject to the Proposed Transfer, then during the nine (9) month period following the later of (a) or (b), Lessee shall be entitled to enter into an agreement to consummate the Proposed Transfer with a third party (subject to County's approval rights as otherwise set forth in this Lease) so long as (1) the actual price for the Proposed Transfer is equal to or greater than the Lessee Sale Price last offered to County and upon no more favorable material terms to the assignee, and (2) the transfer is consummated not later than twelve (12) months after the later of (a) or (b). In the event of a proposed Major Sublease or other permitted assignment of less than all of the Premises, County's election shall pertain to the portion of the Premises that is the subject of the proposed Major Sublease or assignment and, in the event that County elects to acquire such portion of Lessee's interest in the Premises, Lessee's Annual Minimum

Rent shall be proportionally reduced and Lessee's obligation to pay Percentage Rent shall pertain only to the amounts derived from the portion of the Premises retained by Lessee. In the event that County elects to recapture all or any portion of the Premises as provided herein, Lessee agrees to execute promptly a termination agreement and such other documentation as may be reasonably necessary to evidence the termination of this Lease, to set a termination date and to prorate rent and other charges with respect to the termination. County's rights pursuant to this subsection 11.2.4 shall not apply to Financing Events or those events identified in subsection 4.6.2 of this Lease.

11.2.5 County Credits Toward Purchase Price. In the event that County or its assignee elects to exercise the County Option, it shall receive the following credits toward the Lessee Sale Price: (1) the Net Proceeds Share which would be payable to County in the event that a third party were to purchase the interest offered at the Lessee Sale Price and (2) an amount which represents unpaid Annual Minimum Rent, Percentage Rent, and all other amounts payable under the Lease, if any (including a provisional credit in an amount reasonably acceptable to County for any amounts that may arise from an audit by County, but that have not yet been determined as of that date), with late fees and interest as provided herein, from the end of the period most recently subject to County audit through the date of the purchase of the interest by County. In the case of any unpaid rental amounts that may be found to be owing to County in connection with any uncompleted audit by County, in lieu of a provisional credit for such amounts, Lessee may provide County with a letter of credit or other security satisfactory to County to secure the payment of such unpaid amounts when finally determined by County. During the term of the County Option, Lessee shall cause to be available to County all books and records reasonably necessary in order to determine the amount of such unpaid Annual Minimum Rent, Percentage Rent, and other amounts payable under the Lease. In the event that County or its assignee exercises the County Option, but the transaction fails to close due to a failure of the parties to agree upon an appropriate allowance for such unpaid Annual Minimum Rent, Percentage Rent, and other amounts or appropriate security for the payment thereof, then County shall have no obligation to pay or credit to Lessee the County Option Price.

11.3 Terms Binding Upon Successors, Assigns and Sublessees. Except as otherwise specifically provided for herein, each and all of the provisions, agreements, terms, covenants, and conditions herein contained to be performed, fulfilled, observed, and kept by Lessee hereunder shall be binding upon the heirs, executors, administrators, successors, and assigns of Lessee, and all rights, privileges and benefits arising under this Lease in favor of Lessee shall be available in favor of its heirs, executors, administrators, successors, and assigns. Notwithstanding the foregoing, no assignment or subletting by or through Lessee in violation of the provisions of this Lease shall vest any rights in any such assignee or Sublessee. Any approved assignment of this Lease shall release the assignor of all liability arising due to actions or omissions on or after the effective date of such assignment, provided the assignee assumes all of such liability, including without limitation the obligation of assignee to cure any defaults and delinquencies under this Lease and to pay County Percentage Rent and any other amounts attributable to the period prior to the assignment, but not discovered by County or the assignee until after the assignment; provided, further, the assignor shall not be relieved of any liability for

the payment of the Administrative Charge or the required portion of any Net Proceeds Share or Net Refinancing Proceeds which arise upon such assignment as provided herein.

11.4 Family Transfers. Notwithstanding any contrary provision of this Article 11, the County's approval shall not be required, nor shall the County's rights of recapture under subsection 11.2.4 be applicable, with respect to any transfer of ownership interests in Lessee or in constituent entities of Lessee, if such transfer is to a member of the immediate family of the transferor (or to a trust for the benefit of a member of the immediate family of the transferor) for estate planning purposes, whether such transfer is the result of gift, devise, intestate succession or operation of law.

12. ENCUMBRANCES.

12.1 Financing Events.

12.1.1 Definitions. For the purposes of this Lease, including without limitation the provisions of Sections 4.6 through 4.8 hereof: (i) a "Financing Event" shall mean any financing or refinancing consummated by Lessee or by the holders of partnership interests or other direct or indirect ownership interests in Lessee (collectively, "Ownership Interests"), whether with private or institutional investors or lenders, where such financing or refinancing is an Encumbrance (as defined below); for purposes of Section 12.1.2 below and Sections 4.6 through 4.8 above, a "Financing Event" shall also include all of the foregoing actions involving the granting of a mortgage, deed of trust or other security interest in a Major Sublease; and (ii) an "Encumbrance" shall mean any direct or indirect grant, pledge, assignment, transfer, mortgage, hypothecation, grant of control, grant of security interest, or other encumbrance, of or in all or any portion of (A) Lessee's interest under this Lease and the estate so created (including without limitation a direct or indirect assignment of Lessee's right to receive rents from subtenants) or (B) Ownership Interests if an absolute assignment from the holder of such Ownership Interests to the holder of the Encumbrance would have required County's consent under this Lease, to a lender (upon County approval of the Encumbrance and consummation thereof, the "Encumbrance Holder") as security for a loan. The term "Encumbrance Holder" shall also be deemed to include any and all affiliates of such Encumbrance Holder which have succeeded by assignment or otherwise to any rights, interests or liabilities of the Encumbrance Holder with respect to the Encumbrance, or which have been designated by the Encumbrance Holder to exercise any rights or remedies under the Encumbrance or to take title to the leasehold estate under this Lease or to Ownership Interests, and such affiliates shall enjoy all of the rights and protections given to Encumbrance Holders under this Lease. The term "Equity Encumbrance Holder" shall mean an Encumbrance Holder holding an Encumbrance with respect to Ownership Interests.

12.1.2 County Approval Required. Lessee may, with the prior written consent of Director, which shall not be unreasonably withheld, and subject to any specific conditions which may be reasonably imposed by Director, consummate one or more Financing Event(s). Lessee shall submit to Director a preliminary loan package and thereafter a complete set of all proposed transaction documents in connection with each

proposed Financing Event. The preliminary loan package shall include the loan commitment (or the so-called "loan application" if the loan commitment is styled as a loan application) and any other documents, materials or other information reasonably requested by Director. Lessee shall have the right, but not the obligation, to include draft loan documents in the preliminary loan package. Director shall have sixty (60) days (thirty (30) days for the initial construction loan for the Redevelopment Work) to grant or withhold approval of the preliminary loan package. Director shall have sixty (60) days (thirty (30) days for the initial construction loan for the Redevelopment Work) after receipt of substantially complete loan documents conforming to the approved preliminary loan package in which to grant or withhold final approval of the Financing Event; provided, however, that if the preliminary loan package included draft loan documents then the foregoing sixty (60) day period shall be reduced to thirty (30) days. If not approved by Director in writing within the foregoing periods, the proposed Financing Event shall be deemed disapproved by Director (and, if so requested in writing by Lessee), Director shall within thirty (30) days of such request deliver to Lessee a written description of Director's objections to said proposed Financing Event). Lessee shall reimburse County for County's Actual Cost incurred in connection with its review of the proposed Financing Event. One (1) copy of any and all security devices or instruments as finally executed or recorded by the parties in connection with any approved Encumbrance shall be filed with Director not later than seven (7) days after the effective date thereof. The same rights and obligations set forth above in this subsection 12.1.2 shall inure to the benefit of and shall be binding upon any holder of Ownership Interests with respect to any proposed Financing Event involving Ownership Interests.

12.2 Consent Requirements In The Event of a Foreclosure Transfer.

12.2.1 Definitions. As used herein, a "Foreclosure Transfer" shall mean any transfer of the entire leasehold estate under this Lease or of all of the Ownership Interests in Lessee pursuant to any judicial or nonjudicial foreclosure or other enforcement of remedies under or with respect to an Encumbrance, or by voluntary deed or other transfer in lieu thereof. A "Foreclosure Transferee" shall mean any transferee (including without limitation an Encumbrance Holder) which acquires title to the entire leasehold estate under this Lease or to all of the Ownership Interests in Lessee pursuant to a Foreclosure Transfer. An "Equity Foreclosure Transferee" shall mean a Foreclosure Transferee whose acquired interest consists of all of the Ownership Interests in Lessee.

12.2.2 Foreclosure Transfer. The consent of County shall not be required with respect to any Foreclosure Transfer.

12.2.3 Subsequent Transfer By Encumbrance Holder. For each Foreclosure Transfer in which the Foreclosure Transferee is an Encumbrance Holder, with respect to a single subsequent transfer of this Lease or the Ownership Interests (as applicable) by such Encumbrance Holder to any third party, (i) County's consent to such transfer shall be required, but shall not be unreasonably withheld or delayed, and the scope of such consent (notwithstanding anything in this Lease to the contrary) shall be limited to County's confirmation (which must be reasonable) that the Lessee following such transfer has sufficient financial capability to perform its remaining obligations under this Lease as

they come due, along with any obligation of Lessee for which the Foreclosure Transferee from whom its receives such transfer is released under subsection 12.3.1 below, and (ii) such transferee (other than a transferee of Ownership Interests) shall expressly agree in writing to assume and to perform all of the obligations under this Lease, other than Excluded Defaults (as defined below). For clarification purposes, the right to a single transfer under this Section shall apply to each Foreclosure Transfer in which the Foreclosure Transferee is an Encumbrance Holder, so that there may be more than one "single transfer" under this Section.

12.3 Effect of Foreclosure. In the event of a Foreclosure Transfer, the Encumbrance Holder shall forthwith give notice to County in writing of such transfer setting forth the name and address of the Foreclosure Transferee and the effective date of such transfer, together with a copy of the document by which such transfer was made.

12.3.1 Any Encumbrance Holder which is a commercial bank, savings bank, savings and loan institution, insurance company, pension fund, investment bank, opportunity fund, mortgage conduit, real estate investment trust, commercial finance lender or other similar financial institution which ordinarily engages in the business of making, holding or servicing commercial real estate loans, including any affiliate thereof (an "Institutional Lender"), shall, upon becoming a Foreclosure Transferee (other than an Equity Foreclosure Transferee), become liable to perform the full obligations of Lessee under this Lease (other than Excluded Defaults as defined below) accruing during its period of ownership of the leasehold. Upon a subsequent transfer of the leasehold in accordance with subsection 12.2.3 above, such Institutional Lender shall be automatically released of any further liability with respect to this Lease, other than for (i) rent payments, property tax payments, reserve account payments and other monetary obligations under specific terms of the Lease that accrue solely during such Institutional Lender's period of ownership of the leasehold, and (ii) Lessee's indemnification obligations under this Lease with respect to matters pertaining to or arising during such Institutional Lender's period of ownership of leasehold title.

12.3.2 Any other Foreclosure Transferee (i.e., other than an Institutional Lender as provided in Section 12.3.1 above) shall, upon becoming a Foreclosure Transferee (other than an Equity Foreclosure Transferee), become liable to perform the full obligations of Lessee under this Lease (other than Excluded Defaults), subject to possible release of liability upon a subsequent transfer pursuant to Section 11.3 above.

12.3.3 Following any Foreclosure Transfer which is a transfer of the leasehold interest under the Lease, County shall recognize the Foreclosure Transferee as the Lessee under the Lease and shall not disturb its use and enjoyment of the Premises, and the Foreclosure Transferee shall succeed to all rights of Lessee under this Lease as a direct lease between County and such Foreclosure Transferee, provided that the Foreclosure Transferee cures any pre-existing Event of Default other than any such pre-existing Event of Default that (i) is an incurable non-monetary default, (ii) is a non-monetary default that can only be cured by a prior lessee, (iii) is a non-monetary default that is not reasonably susceptible of being cured by such transferee, or (iv) relates to any obligation of a prior lessee to pay any Net Proceeds Share (collectively, "Excluded Defaults"), and thereafter

performs the full obligations of Lessee under this Lease. Pursuant to Section 12.3.7 below, following any Foreclosure Transfer which is a transfer of Ownership Interests, the foregoing rights under this Section 12.3.3 shall also inure to the benefit of the Lessee.

12.3.4 No Encumbrance Holder shall become liable for any of Lessee's obligations under this Lease unless and until such Encumbrance Holder becomes a Foreclosure Transferee with respect to Lessee's leasehold interest under the Lease.

12.3.5 No Foreclosure Transfer, and no single subsequent transfer by an Encumbrance Holder following a Foreclosure Transfer pursuant to subsection 12.2.3, shall trigger (i) any obligation to pay an Administrative Charge nor any Net Proceeds Share, (ii) any acceleration of the Extension Fee or Extension Fee Installment Payments payable by Lessee under Section 2.2 of this Lease and Section 4.2 of the Option Agreement, or any other financial obligation of Lessee under this Lease, (iii) any recapture right on the part of County, or (iv) any termination right under this Lease. Any Foreclosure Transfer, and any single subsequent transfer by an Encumbrance Holder following a Foreclosure Transfer pursuant to subsection 12.2.3, shall be deemed to be excluded from the definitions of "Change of Ownership" for all purposes of this Lease. For clarification purposes, the "single subsequent transfer" referred to above applies to each Foreclosure Transfer in which the Foreclosure Transferee is an Encumbrance Holder (as more fully explained in Section 12.2.3), so that there may be more than one "single subsequent transfer" benefited by this Section.

12.3.6 In the event that an Institutional Lender becomes a Foreclosure Transferee, all obligations with respect to the construction and renovation work described in Sections 5.1, 5.11 or 5.14 above (other than any obligations to make deposits into the Subsequent Renovations Fund) shall be tolled for a period of time, not to exceed twelve months, until such Institutional Lender completes a subsequent transfer of its foreclosed interest in the Lease or Ownership Interests, provided that such Institutional Lender is making commercially reasonable and diligent efforts to market and sell its foreclosed interest. Nothing in this Section 12.3.6 shall be construed as a limit or outside date on any cure periods provided to Encumbrance Holders under this Lease.

12.3.7 Following a Foreclosure Transfer with respect to all of the Ownership Interests in Lessee, (i) any and all rights, privileges and/or liability limitations afforded to Foreclosure Transferees in this Article 12 or any other provision of this Lease shall also be afforded to Lessee from and after such Foreclosure Transfer, to the same extent as if the Foreclosure Transferee had acquired the leasehold interest of Lessee directly and became the Lessee under this Lease, and (ii) if the Foreclosure Transferee was also an Equity Encumbrance Holder, then any and all rights, privileges and/or liability limitations afforded to Foreclosure Transferees who are Encumbrance Holders in this Article 12 or any other provision of this Lease shall also be afforded to Lessee from and after such Foreclosure Transfer, to the same extent as if the Foreclosure Transferee had acquired the leasehold interest of Lessee directly and became the Lessee under this Lease.

12.4 No Subordination. County's rights in the Premises and this Lease, including without limitation County's right to receive Annual Minimum Rent and Percentage Rent, shall

not be subordinated to the rights of any Encumbrance Holder. Notwithstanding the foregoing, an Encumbrance Holder shall have all of the rights set forth in the security instrument creating the Encumbrance, as approved by County in accordance with subsection 12.1.2, to the extent that such rights are not inconsistent with the terms of this Lease, including the right to commence an action against Lessee for the appointment of a receiver and to obtain possession of the Premises under and in accordance with the terms of said Encumbrance, provided that all obligations of Lessee hereunder shall be kept current, including but not limited to the payment of rent and curing of all defaults or Events of Default hereunder (other than Excluded Defaults or as otherwise provided herein).

12.5 Modification or Termination of Lease. This Lease shall not be modified or amended without the prior written consent in its sole discretion of each then existing Encumbrance Holder with respect to Lessee's entire leasehold interest in this Lease or all of the Ownership Interests in Lessee. Further, this Lease may not be surrendered or terminated (other than in accordance with the provisions of this Article 12) without the prior written consent of each such Encumbrance Holder in its sole discretion. No such modification, amendment, surrender or termination without the prior written consent of each such then existing Encumbrance Holder shall be binding on any such Encumbrance Holder or any other person who acquires title to its foreclosed interest pursuant to a Foreclosure Transfer.

12.6 Notice and Cure Rights of Encumbrance Holders and Major Sublessees.

12.6.1 Right to Cure. Each Encumbrance Holder and Major Sublessee shall have the right, at any time during the term of its Encumbrance or Major Sublease, as applicable, and in accordance with the provisions of this Article 12, to do any act or thing required of Lessee in order to prevent termination of Lessee's rights hereunder, and all such acts or things so done hereunder shall be treated by County the same as if performed by Lessee.

12.6.2 Notice of Default. County shall not exercise any remedy available to it upon the occurrence of an Event of Default (other than exercising County's self-help remedies pursuant to Section 13.5 or imposing the daily payment set forth in Section 10.2 in the case of emergency situations), and no such exercise shall be effective, unless it first shall have given written notice of such default to each and every then existing Major Sublessee and Encumbrance Holder which has notified Director in writing of its interest in the Premises or this Lease and the addresses to which such notice should be delivered. Such notice shall be sent simultaneously with the notice or notices to Lessee. An Encumbrance Holder or Major Sublessee shall have the right and the power to cure the Event of Default specified in such notice in the manner prescribed herein. If such Event or Events of Default are so cured, this Lease shall remain in full force and effect. Notwithstanding any contrary provision hereof, the Lender's cure rights set forth in this Section 12.6 shall not delay or toll the County's right to impose the daily payment for Lessee breaches set forth in Section 10.2.

12.6.3 Manner of Curing Default. Events of Default may be cured by an Encumbrance Holder or Major Sublessee in the following manner:

(a) If the Event of Default is in the payment of rental, taxes, insurance premiums, utility charges or any other sum of money, an Encumbrance Holder or the Major Sublessee may pay the same, together with any Late Fee or interest payable thereon, to County or other payee within thirty five (35) days after its receipt of the aforesaid notice of default. If, after such payment to County, Lessee pays the same or any part thereof to County, County shall refund said payment (or portion thereof) to such Encumbrance Holder or Major Sublessee.

(b) If the Event of Default cannot be cured by the payment of money, but is otherwise curable, the default may be cured by an Encumbrance Holder or Major Sublessee as follows:

(1) The Encumbrance Holder or Major Sublessee may cure the default within sixty (60) days after the end of Lessee's cure period as provided in Section 13.1 hereof (or, if the default involves health, safety or sanitation issues, County may by written notice reduce such sixty (60) day period to thirty (30) days, such 60 or 30 day period, as applicable, being referred to herein as the "initial cure period"), provided, however, if the curing of such default reasonably requires activity over a longer period of time, the initial cure period shall be extended for such additional time as may be reasonably necessary to cure such default, so long as the Encumbrance Holder or Major Sublessee commences a cure within the initial cure period and thereafter continues to use due diligence to perform whatever acts may be required to cure the particular default. In the event Lessee commences to cure the default within Lessee's applicable cure period and thereafter fails or ceases to pursue the cure with due diligence, the Encumbrance Holder's and Major Sublessee's initial cure period shall commence upon the later of the end of Lessee's cure period or the date upon which County notifies the Encumbrance Holder and/or Major Sublessee that Lessee has failed or ceased to cure the default with due diligence.

(2) With respect to an Encumbrance Holder, but not a Major Sublessee, if before the expiration of the initial cure period, said Encumbrance Holder notifies County of its intent to commence foreclosure of its interest, and within sixty (60) days after the mailing of said notice, said Encumbrance Holder (i) actually commences foreclosure proceedings and prosecutes the same thereafter with due diligence, the initial cure period shall be extended by the time necessary to complete such foreclosure proceedings, or (ii) if said Encumbrance Holder is prevented from commencing or continuing foreclosure proceedings by any bankruptcy stay, or any order, judgment or decree of any court or regulatory body of competent jurisdiction, and said Encumbrance Holder diligently seeks release from or reversal of such stay, order, judgment or decree, the initial cure period shall be extended by the time necessary to obtain such release or reversal and thereafter to complete such foreclosure proceedings. Within thirty (30) days after a Foreclosure Transfer is completed, the Foreclosure Transferee shall (if such default has not been cured) commence to cure, remedy or correct the default and thereafter diligently pursue such cure until completed in the same manner as provided in subsection (a) above. The Encumbrance Holder shall have the right to terminate its foreclosure proceeding, and the extension of any relevant cure period shall lapse, in the event of a cure by Lessee.

12.7 New Lease.

12.7.1 Obligation to Enter Into New Lease. In the event that this Lease is terminated by reasons of bankruptcy, assignment for the benefit of creditors, insolvency or any similar proceedings, operation of law, an Excluded Default or other event beyond the reasonable ability of an Encumbrance Holder to cure or remedy, or if the Lease otherwise terminates for any reason, County shall, upon the written request of any Encumbrance Holder with respect to Lessee's entire leasehold estate under this Lease or all of the Ownership Interests in Lessee (according to the priority described below if there are multiple Encumbrance Holders), enter into a new lease (which shall be effective as of the date of termination of this Lease) with the Encumbrance Holder or an affiliate thereof for the then remaining Term of this Lease on the same terms and conditions as shall then be contained in this Lease, provided that the Encumbrance Holder cures all then existing monetary defaults under this Lease, and agrees to commence a cure of all then existing non-monetary Events of Default within sixty (60) days after the new lease is entered into, and thereafter diligently pursues such cure until completion. In no event, however, shall the Encumbrance Holder be obligated to cure any Excluded Defaults. County shall notify the most junior Encumbrance Holder of a termination described in this Section 12.7 within thirty (30) days after the occurrence of such termination, which notice shall state (i) that the Lease has terminated in accordance with Section 12.7 of this Lease, and (ii) that such Encumbrance Holder has sixty (60) days following receipt of such notice within which to exercise its right to a new lease under this Section 12.7, or else it will lose such right. An Encumbrance Holder's election shall be made by giving County written notice of such election within sixty (60) days after such Encumbrance Holder has received the above-described written notice from the County. Within a reasonable period after request therefor, County shall execute and return to the Encumbrance Holder any and all documents reasonably necessary to secure or evidence the Encumbrance Holder's interest in the new lease or the Premises. From and after the effective date of the new lease, the Encumbrance Holder (or its affiliate) shall have the same rights to a single transfer that are provided in subsection 12.2.3 above, and shall enjoy all of the other rights and protections that are provided to a Foreclosure Transferee in this Article 12. Any other subsequent transfer or assignment of such new lease shall be subject to all of the requirements of Article 11 of this Lease. If there are multiple Encumbrance Holders, this right shall inure to the most junior Encumbrance Holder in order of priority; provided, however, if such junior Encumbrance Holder shall accept the new lease, the priority of each of the more senior Encumbrance Holders shall be restored in accordance with all terms and conditions of such Encumbrances(s). If a junior Encumbrance Holder does not elect to accept the new lease within thirty (30) days of receipt of notice from County, the right to enter into a new lease shall be provided to the next most junior Encumbrance Holder, under the terms and conditions described herein, until an Encumbrance Holder either elects to accept a new lease, or no Encumbrance Holder so elects.

12.7.2 Priority of New Lease. The new lease made pursuant to this Section 12.7 shall be prior to any mortgage or other lien, charge or encumbrance (except for easements or other matters to which this Lease is subject) on County's fee interest in the Premises (except for easements or other matters to which this Lease is subject), and any

future fee mortgagee or other future holder of any lien on the fee interest in the Premises is hereby given notice of the provisions hereof.

12.8 Holding of Funds. Any Encumbrance Holder with respect to Lessee's entire leasehold interest in this Lease or all of the Ownership Interests in Lessee that is an Institutional Lender shall have the right to hold and control the disbursement of (i) any insurance or condemnation proceeds to which Lessee is entitled under this Lease and that are required by the terms of this Lease to be applied to restoration of the improvements on the Premises (provided that such funds shall be used for such restoration in accordance with the requirements of the Lease), and (ii) any funds required to be held in the Subsequent Renovations Fund, Capital Improvement Fund or FF&E Fund (provided that such funds shall be used for the purposes required by this Lease). If more than one such Encumbrance Holder desires to exercise the foregoing right, the most senior Encumbrance Holder shall have priority in the exercise of such right.

12.9 Participation in Certain Proceedings and Decisions. Any Encumbrance Holder shall have the right to intervene and become a party in any arbitration, litigation, condemnation or other proceeding affecting this Lease. Lessee's right to make any election or decision under this Lease with respect to any condemnation settlement, insurance settlement or restoration of the Premises following a casualty or condemnation shall be subject to the prior written approval of each then existing Encumbrance Holder.

12.10 Fee Mortgages and Encumbrances. Any mortgage, deed of trust or other similar encumbrance granted by County upon its fee interest in the Premises shall be subject and subordinate to all of the provisions of this Lease and to all Encumbrances. County shall require each such fee encumbrance holder to confirm the same in writing (in a form reasonably approved by each Encumbrance Holder or its title insurer) as a condition to granting such encumbrance, although the foregoing subordination shall be automatic and self-executing whether or not such written confirmation is obtained.

12.11 No Merger. Without the written consent of each Encumbrance Holder, the leasehold interest created by this Lease shall not merge with the fee interest in all or any portion of the Premises, notwithstanding that the fee and leasehold interests are held at any time by the same person or entity.

12.12 Rights of Encumbrance Holders With Respect to Reversion. As used in this Section 12.12, the "Reversion" refers to the automatic amendment of this Lease described in subsection 5.6.2 whereby the terms and conditions of this Lease are automatically amended in accordance with the Reversion Amendment described in such subsection 5.6.2, and the "Reversion Condition" refers to the condition that causes the Reversion, namely the failure of Lessee to substantially complete the Redevelopment Work on or before the Required Completion Date. Notwithstanding anything in subsection 5.6.2 of this Lease to the contrary, so long as an Encumbrance Holder exists with respect to Lessee's entire leasehold interest in this Lease or all of the Ownership Interests in Lessee, the Reversion shall not occur unless and until (i) the County has given written notice of the occurrence of the Reversion Condition to each such Encumbrance Holder in accordance with subsection 12.6.2 (which notice shall describe the Reversion Condition that has occurred, and shall include the following statement in all capital

and bold letters: "**YOUR FAILURE TO COMMENCE A CURE OF THE DEFAULT DESCRIBE IN THIS NOTICE WITHIN 60 DAYS OF YOUR RECEIPT OF THIS NOTICE, AND TO THEREAFTER PURSUE SUCH CURE TO COMPLETION IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION 12.6.3(b) OF THE LEASE APPLICABLE TO NONMONETARY DEFAULTS, WILL RESULT IN AN AUTOMATIC AMENDMENT AND REVERSION OF THE TERMS OF THE LEASE IN ACCORDANCE WITH THE REVERSION AMENDMENT DESCRIBED IN SUBSECTION 5.6.2 OF THE LEASE**"), and (ii) no such Encumbrance Holder commences a cure of the default within 60 days of its receipt of such notice and thereafter pursues such cure to completion in accordance with the provisions of subsection 12.6.3(b) of the Lease applicable to nonmonetary defaults. Further, in the event that a Reversion occurs, such Reversion shall be subject to the "new lease" provisions of Section 12.7 of the Lease (and in such event the Reversion shall be deemed a "termination" of this Lease solely for purposes of Section 12.7 and the "new lease" to be entered into pursuant to Section 12.7 shall mean a new lease on the same terms as this Lease, not the Existing Lease).

12.13 Acceleration of Extension Fee. So long as (i) no Event of Default exists based on nonpayment of an individual Extension Fee Installment Payment payable by Lessee pursuant to Section 2.2. of this Lease and Section 4.2 of the Option Agreement (even if any other Event of Default exists that is not based on nonpayment of an individual Extension Fee Installment Payment), or (ii) if an Event of Default exists based on nonpayment of an individual Extension Fee Installment Payment, an Encumbrance Holder, Foreclosure Transferee or the single subsequent transferee of a Foreclosure Transferee pursuant to subsection 12.2.3 cures such Event of Default by paying to County all past-due individual Extension Fee Installment Payments together with any default interest and/or Late Fees that may be owing thereon; then County shall not declare the entire remaining unpaid Extension Fee immediately due and payable, or, if County has previously declared the entire remaining unpaid Extension Fee immediately due and payable, County shall rescind such acceleration and permit the reinstatement of the original payment terms of the Extension Fee (i.e., by annual Extension Fee Installment Payments).

13. DEFAULT.

13.1 Events of Default. The following are deemed to be "Events of Default" hereunder:

13.1.1 Monetary Defaults. The failure of Lessee to pay the rentals due, or make any other monetary payments required under this Lease (including, without limitation, Extension Fee Installment Payments or deposits to the Subsequent Renovations Fund, Capital Improvement Fund and/or FF&E Fund), within ten (10) days after written notice that said payments are overdue. Lessee may cure such nonpayment by paying the amount overdue, with interest thereon and the applicable Late Fee, if any, within such ten (10) day period.

13.1.2 Maintenance of Security Deposit. The failure of Lessee to maintain and/or replenish the Security Deposit required pursuant to Article 7 of this Lease if not cured within five (5) days after written notice of such failure.

13.1.3 Failure to Perform Other Obligations. The failure of Lessee to keep, perform, and observe any and all other promises, covenants, conditions and agreements set forth in this Lease, including without limitation the obligation to maintain adequate accounting and financial records, within thirty five (35) days after written notice of Lessee's failure to perform from Director; provided, however, that where Lessee's performance of such covenant, condition or agreement is not reasonably susceptible of completion within such thirty five (35) day period and Lessee has in good faith commenced and is continuing to perform the acts necessary to perform such covenant, condition or agreement within such thirty five (35) day period, County will not exercise any remedy available to it hereunder for so long as Lessee uses reasonable due diligence in continuing to pursue to completion the performance such covenant, condition or agreement and so completes performance within a reasonable time. Notwithstanding any contrary provision of this Section 13.1.3, the proviso set forth in the immediately preceding sentence providing for an extension of the cure period beyond thirty five (35) days shall not be applicable to any failure of Lessee to comply with the Required Completion Date set forth in Section 5.6 above (as such date may be extended pursuant to such Section 5.6, and subject to Section 12.12).

13.1.4 Nonuse of Premises. The abandonment, vacation, or discontinuance of use of the Premises, or any substantial portion thereof, for a period of thirty five (35) days, except when prevented by Force Majeure or when closed for renovations or repairs required or permitted to be made under this Lease; provided, however, the termination of operations in a portion of the Premises by a Sublessee shall not constitute an Event of Default under this Section 13.1.4 if Lessee uses its best efforts to recover possession of such portion of the Premises from such Sublessee, re-sublease such portion of the Premises to another Sublessee, and cause the subject space to be re-opened for business as soon as possible. If in Director's good faith judgment Lessee has failed to use its best efforts to recover possession of the subject space as described above, re-sublease the space and cause the space to be re-opened for business as soon as possible, then, in addition to any other rights or remedies that County may have in connection with an Event of Default, County shall have the right, but not the obligation, and Lessee hereby authorizes County, to take such actions on Lessee's behalf as Director determines in its good faith judgment to be appropriate to recover possession and cause such re-subleasing and re-opening of the subject space, including without limitation, the construction of any leasehold improvements or other Alterations necessary or appropriate in connection therewith. Lessee shall be responsible for the direct payment of all third party expenses and the reimbursement to County for all other Actual Costs incurred by County in connection with actions taken under the immediately preceding sentence. Lessee shall execute such documents and take all such other actions as requested by County in the good faith judgment of Director to effectuate the terms and provisions of this subsection 13.1.4.

Any notice required to be given by County pursuant to subsections 13.1.1 through and including 13.1.3 shall be in addition to, and not in lieu of, any notice required under Section 1161 of the California Code of Civil Procedure.

13.2 Limitation on Events of Default. Lessee shall not be considered in default as to any provision of this Lease when such default is the result of or pursuant to, any process, order, or decree of any court or regulatory body of competent jurisdiction, or any other circumstances which are physically impossible to cure provided Lessee uses due diligence in pursuing whatever is required to obtain release from or reversal of such process, order, or decree or is attempting to remedy such other circumstances preventing its performance.

13.3 Remedies. Upon the occurrence of an Event of Default, and subject to the rights of any Encumbrance Holder or Major Sublessee to cure such Event of Default as provided in Section 12.6 hereof, County shall have, in addition to any other remedies in law or equity, the following remedies which are cumulative:

13.3.1 Terminate Lease. County may terminate this Lease by giving Lessee written notice of termination. On the giving of the notice, all Lessee's rights in the Premises and in all Improvements shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the Premises and all Improvements in broom-clean condition, and County may re-enter and take possession of the Premises and all remaining Improvements and, except as otherwise specifically provided in this Lease, eject all parties in possession or eject some and not others, or eject none. Termination under this subsection shall not relieve Lessee from the payment of any sum then due to County or from any claim for damages against Lessee as set forth in subsection 13.4.3, or from Lessee's obligation to remove Improvements at County's election in accordance with Article 2. County agrees to use reasonable efforts to mitigate damages, and shall permit such access to the Premises as is reasonably necessary to permit Lessee to comply with its removal obligations.

13.3.2 Keep Lease in Effect. Without terminating this Lease, so long as County does not deprive Lessee of legal possession of the Premises and allows Lessee to assign or sublet subject only to County's rights set forth herein, County may continue this Lease in effect and bring suit from time to time for rent and other sums due, and for Lessee's breach of other covenants and agreements herein. No act by or on behalf of County under this provision shall constitute a termination of this Lease unless County gives Lessee written notice of termination. It is the intention of the parties to incorporate the provisions of California Civil Code Section 1951.4 by means of this provision.

13.3.3 Termination Following Continuance. Even though it may have kept this Lease in effect pursuant to subsection 13.3.2, thereafter County may elect to terminate this Lease and all of Lessee's rights in or to the Premises unless prior to such termination Lessee shall have cured the Event of Default or shall have satisfied the provisions of Section 13.2, hereof. County agrees to use reasonable efforts to mitigate damages.

13.4 Damages. Should County elect to terminate this Lease under the provisions of the foregoing Section, County shall be entitled to recover from Lessee as damages:

13.4.1 Unpaid Rent. The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this Lease;

13.4.2 Post-Termination Rent. The worth, at the time of the award, of the unpaid rent that would have been earned under this Lease after the date of termination of this Lease until the date Lessee surrenders possession of the Premises to County; and

13.4.3 Other Amounts. The amounts necessary to compensate County for the sums and other obligations which under the terms of this Lease become due prior to, upon or as a result of the expiration of the Term or sooner termination of this Lease, including without limitation, those amounts of unpaid taxes, insurance premiums and utilities for the time preceding surrender of possession, the cost of removal of rubble, debris and other above-ground Improvements, attorney's fees, court costs, and unpaid Administrative Charges, Net Proceeds Shares and Net Refinancing Proceeds.

13.5 Others' Right to Cure Lessee's Default. County (and any Encumbrance Holder or Major Sublessee, as provided in the last sentence of this section), at any time after Lessee's failure to perform any covenant, condition or agreement contained herein beyond any applicable notice and cure period, may cure such failure at Lessee's cost and expense. If, after delivering to Lessee two (2) or more written notices with respect to any such default, County at any time, by reason of Lessee's continuing failure, pays or expends any sum, Lessee shall immediately pay to County the lesser of the following amounts: (1) twice the amount expended by County to cure such default and (2) the amount expended by County to cure such default, plus one thousand dollars ($1,000). To the extent practicable, County shall give any Encumbrance Holders or Major Sublessees the reasonable opportunity to cure Lessee's default prior to County's expenditure of any amounts thereon.

13.6 Default by County. County shall be in default in the performance of any obligation required to be performed by County under this Lease if County has failed to perform such obligation within thirty (30) days after the receipt of notice from Lessee specifying in detail County's failure to perform; provided, however, that if the nature of County's obligation is such that more than thirty (30) days are required for its performance, County shall not be deemed in default if it shall commence such performance within thirty (30) days and thereafter diligently pursues the same to completion. Lessee shall have no rights as a result of any default by County until Lessee gives thirty (30) days notice to any person or entity having a recorded security interest in County's fee title to the Premises whose identity and address have been disclosed in writing to Lessee. Such person or entity shall then have the right to cure such default, and County shall not be deemed in default if such person or entity cures such default within thirty (30) days after receipt of notice of the default, or such longer time as may be reasonably necessary to cure the default. Notwithstanding anything to the contrary in this Lease, County's liability to Lessee for damages arising out of or in connection with County's breach of any provision or provisions of this Lease shall not exceed the value of County's equity interest in the Premises and its right to insurance proceeds in connection with the policies required under Article 9 hereof. During any period that County is in default of its obligation to pay a sum of money to Lessee, any amount of money that may be owed by Lessee to County (but not in excess of the undisputed amount of money owed by County to Lessee for which County is in default) shall not accrue interest or late charges during such period as County remains in default of its obligation to pay Lessee such sum of money.

14. ACCOUNTING.

14.1 Maintenance of Records and Accounting Method. In order to determine the amount of and provide for the payment of the Annual Minimum Rent, Percentage Rent (including without limitation, the calculation of Percentage Rent Credits, Excess Percentage Rent Credits and Potential County Credit), Administrative Charge, Net Proceeds Share, Net Refinancing Proceeds and other sums due under this Lease, Lessee and all Sublessees shall at all times during the Term of this Lease, and for thirty six (36) months thereafter, keep, or cause to be kept, locally, to the reasonable satisfaction of Director, true, accurate, and complete records and double-entry books of account for the current and five (5) prior Accounting Years, such records to show all transactions relative to the conduct of operations, and to be supported by data of original entry. Such records shall detail transactions conducted on or from the Premises separate and apart from those in connection with Lessee's (or sublessee's or licensee's, as appropriate) other business operations, if any. With respect to the calculation of Gross Receipts and the preparation of the reports and maintenance of records required herein, Lessee shall utilize either: (i) the accrual method of accounting, or (ii) a modified accrual method of accounting, modified in that (A) expenses are accrued on an approximate basis each month during the fiscal year with full accrual treatment for the full fiscal year financial statements, (B) Gross Receipts are reported monthly on a cash basis with full reconciliation to accrual treatment on the annual statement of Gross Receipts, and (C) depreciation is calculated on a tax basis rather than a GAAP basis.

14.2 Cash Registers. To the extent retail sales are conducted on the Premises, or other cash or credit sales of goods or services are conducted, all such sales shall be recorded by means of cash registers or computers which automatically issue a customer's receipt or certify the amount recorded in a sales slip. Said cash registers shall in all cases have locked-in sales totals and transaction counters which are constantly accumulating and which cannot, in either case, be reset, and in addition thereto, a tape (or other equivalent security mechanism) located within the register on which transaction numbers and sales details are imprinted. Beginning and ending cash register readings shall be made a matter of daily record.

Lessee shall cause to be implemented point of sale systems which can accurately verify all sales for audit purposes and customer review purposes, which system shall be submitted to the Director in advance of installation for his approval, which approval or disapproval shall not be unreasonably withheld or delayed.

Lessee's obligations set forth in this Section 14.2 include Lessee's obligation to insure that Lessee's sublessees, licensees, permittees, concessionaires and any other occupants of any portion of the Premises keep records sufficient to permit County and County's auditors to determine the proper levels of Annual Minimum Rent, Percentage Rent, Administrative Charge, Net Proceeds Share, Net Refinancing Proceeds and other sums due under this Lease.

14.3 Statement; Payment. No later than the fifteenth (15th) day of each calendar month, Lessee shall render to County a detailed statement certified by Lessee's chief financial officer showing Gross Receipts during the preceding calendar month, along with a calculation in such detail as reasonably acceptable to County of any other amounts to be calculated under Sections 4.2 through 4.8 inclusive. Lessee shall accompany same with remittance of any amount required to be paid by Lessee under such Sections 4.2 through 4.8. Without limitation of the foregoing, within thirty (30) days after the end of each Accounting Year, Lessee shall deliver to

County a Gross Receipts statement for such preceding Accounting Year, reconciled on an accrual basis in accordance with the requirements of the last sentence of Section 14.1.

14.4 Availability of Records for Inspector's Audit. Books of account and records for the then current and five (5) prior Accounting Years as hereinabove required shall be kept or made available at the Premises or at another location within Los Angeles County, and County and other governmental authorities shall have the right at any reasonable times and on reasonable prior notice to examine and audit said books and records, without restriction, for the purpose of determining the accuracy thereof and of the monthly statements of Gross Receipts derived from occupancy of the Premises and the compliance of Lessee with the terms of this Lease and other governmental requirements. County shall have the right to conduct a review and/or audit of Lessee's records at any time (subject to the notice provisions of subsection 14.4.1 below), except that after the close of an Accounting Year and the delivery by Lessee of all statements and reports required to be delivered by Lessee under this Lease with respect to such Accounting Year, Lessee shall have the right by written notice to County to request County to commence any audit of Gross Receipts with respect to such Accounting Year within one hundred twenty (120) after receipt by County of such written notice from Lessee (a "Voluntary Lessee Audit Request"). Any Voluntary Lessee Audit Request must include the following language in bold faced type and all capital letters: "PURSUANT TO SECTION 14.4 OF THE AMENDED AND RESTATED LEASE AGREEMENT, IF WITHIN ONE HUNDRED TWENTY (120) DAYS AFTER THE DATE OF COUNTY'S RECEIPT OF THIS LETTER COUNTY DOES NOT COMMENCE AN AUDIT OF LESSEE'S GROSS RECEIPTS FOR THE ACCOUNTING YEAR(S) REQUESTED BY LESSEE HEREIN, COUNTY WILL BE DEEMED TO HAVE WAIVED ITS RIGHT TO THEREAFTER AUDIT LESSEE'S GROSS RECEIPTS WITH RESPECT TO SUCH ACCOUNTING YEAR(S)." If Lessee delivers a Voluntary Lessee Audit Request to County with respect to Gross Receipts for a particular Accounting Year (or Years) and County fails to commence an audit of Gross Receipts for such Accounting Year(s) within one hundred twenty (120) days after County's receipt of such Voluntary Lessee Audit Request (other than due to Lessee's failure to maintain (or to cause to be maintained), or to provide County and its representatives with access to (or to cause such access to be provided to), the records required to be maintained by Lessee (or its Sublessees, licensees, permittees, concessionaires or other occupants of the Premises) under this Article 14), then County will be deemed to have waived its right to thereafter audit Lessee's Gross Receipts with respect such Accounting Year(s). Notwithstanding any contrary provision of Section 14.5, Lessee shall be responsible for all Actual Costs incurred by County in connection with any audit performed in connection with a Voluntary Lessee Audit Request, regardless of whether any understatement of Gross Receipts or deficiency with respect to Percentage Rent payments is disclosed by such audit. This Section 14.4 shall survive the expiration of the Term or other termination of this Lease for thirty six (36) months after such expiration or termination.

14.4.1 Entry by County. Upon at least one (1) business day advance notice, County and its duly authorized representatives or agents may enter upon the Premises at any and all reasonable times during the Term of this Lease for the purpose of determining whether or not Lessee is complying with the terms and conditions hereof, or for any other purpose incidental to the rights of County.

14.5 Cost of Audit. In the event that, for any reason, Lessee does not make available its (or its sublessee's or licensee's) original records and books of account at the Premises or at a location within Los Angeles County, Lessee agrees to pay all expenses incurred by County in conducting any audit at the location where said records and books of account are maintained. In the event that any audit discloses a discrepancy in County's favor of greater than two percent (2%) of the revenue due County for the period audited, then Lessee shall pay County audit contract costs, together with the amount of any identified deficiency, with interest thereon and Late Fee provided by Section 4.5.

14.6 Accounting Year. The term "Accounting Year" as used herein shall mean each calendar year during the Term.

14.7 Annual Financial Statements. Upon reasonable notice and request by County, Lessee shall furnish for each Accounting Year hereunder, a copy of Lessee's most recent federal income tax return, which County agrees shall be held confidential, except (i) for disclosure to County's consultants and attorneys, (ii) as may be necessary for the enforcement of County's rights and Lessee's obligations under this Lease, or (iii) as required by Applicable Law.

14.8 Accounting Obligations of Sublessees. Lessee shall cause all sublessees, licensees, concessionaires and others conducting business operations on or from the Premises to comply with all terms of this Article 14 with respect to the maintenance, form, availability and methodology of accounting records.

14.9 Inadequacy of Records. In the event that Lessee or its sublessees, licensees or concessionaires, as appropriate, fails to keep the records required by this Article 14 such that a Certified Public Accountant is unable to issue an unqualified opinion as to Gross Receipts, such failure shall be deemed a breach of this Lease by Lessee. In addition to the other remedies available to County at law or equity as a result of such breach, County may prepare a calculation of the Percentage Rent payable by Lessee during the period in which the accounting records were inadequately maintained. Such calculation may be based on the past Gross Receipts levels on or from the Premises, the past or present level of Gross Receipts experienced by tenants of comparable leaseholds in Marina del Rey with comparable business operations, or any other method as reasonably determined by Director and shall utilize such methodology as Director deems reasonable. Within five (5) days after receipt of County's determination of Percentage Rent due, if any, Lessee shall pay such Percentage Rent, together with a late fee of six percent (6%) and interest to the date of payment at the Applicable Rate from the date upon which each unpaid installment of Percentage Rent was due, together with County's Actual Cost in connection with the attempted audit of the inadequate records and the reconstruction and estimation of Gross Receipts and the calculation of Percentage Rent due.

15. MISCELLANEOUS.

15.1 Quiet Enjoyment. Lessee, upon performing its obligations hereunder, shall have the quiet and undisturbed possession of the Premises throughout the Term of this Lease, subject, however, to the terms and conditions of this Lease.

15.2 Time is of the Essence. Except as specifically otherwise provided for in this Lease, time is of the essence of this Lease and applies to all times, restrictions, conditions, and limitations contained herein.

15.3 County Costs. Lessee shall promptly reimburse County for the Actual Costs incurred by County in the review, negotiation, preparation and documentation of this Lease and the term sheets and memoranda that preceded it. The parties acknowledge that Lessee has deposited the sum of _____ dollars ($_____) toward those costs. County shall deliver to Lessee a report detailing such expenditures (along with invoice summaries or other supporting documentation) within ninety (90) days after the Effective Date.

15.4 County Disclosure and Lessee's Waiver.

15.4.1 Disclosures and Waiver.

15.4.1.1 "AS IS". Lessee acknowledges that it is currently in possession of the Premises and that Lessee or its predecessor-in-interest has continuously occupied and/or managed and operated the Parcel 56S Premises since 1967. Lessee accepts the Premises in their present condition notwithstanding the fact that there may be certain defects in the Premises, whether or not known to either party to this Lease, at the time of the execution of this Lease by Lessee and Lessee hereby represents that it has performed all investigations necessary, including without limitation soils and engineering inspections, in connection with its acceptance of the Premises "AS IS".

15.4.1.2 Lessee acknowledges that it may incur additional engineering and construction costs above and beyond those contemplated by either party to this Lease at the time of the execution hereof and Lessee agrees that, it will make no demands upon County for any construction, alterations, or any kind of labor that may be necessitated in connection therewith.

15.4.1.3 Lessee hereby waives, withdraws, releases, and relinquishes any and all claims, suits, causes of action (other than a right to terminate as otherwise provided in this Lease), rights of rescission, or charges against County, its officers, agents, employees or volunteers which Lessee now has or may have or asserts in the future which are based upon any defects in the physical condition of the Premises and the soil thereon and thereunder, regardless of whether or not said conditions were known at the time of the execution of this instrument. The waiver and release set forth in this subsection 15.4.1.3 (i) shall not apply to the Excluded Conditions, and (ii) shall not alter the parties' rights and obligations under the Existing Lease with respect to any environmental conditions existing on the Parcel 56S Premises as of the Effective Date.

15.4.1.4 California Civil Code Section 1542 provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM

MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

By initialing this paragraph, Lessee acknowledges that it has read, is familiar with, and waives the provisions of California Civil Code §1542 set forth above, and agrees to all of the provisions of subsection 15.4.1.3 above.

_____
Lessee's Initials

15.4.2 Right of Offset. Lessee acknowledges that the rent provided for in this Lease has been agreed upon in light of Lessee's construction, maintenance and repair obligations set forth herein, and, notwithstanding anything to the contrary provided in this Lease or by applicable law, Lessee hereby waives any and all rights, if any, to make repairs at the expense of County and to deduct or offset the cost thereof from the Annual Minimum Rent, Monthly Minimum Rent, Percentage Rent or any other sums due County hereunder.

15.5 Holding Over. If Lessee holds over after the expiration of the Term for any cause, with or without the express or implied consent of County, such holding over shall be deemed to be a tenancy from month-to-month only, and shall not constitute a renewal or extension of the Term. During any such holdover period, the Minimum Monthly Rent and Percentage Rent rates in effect at the end of the Term shall be increased to one hundred twenty-five percent (125%) of such previously effective amounts. Such holdover shall otherwise be subject to the same terms, conditions, restrictions and provisions as herein contained. Such holding over shall include any time employed by Lessee to remove machines, appliances and other equipment during the time periods herein provided for such removal.

Nothing contained herein shall be construed as consent by County to any holding over by Lessee, and County expressly reserves the right to require Lessee to surrender possession of the Premises to County as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Section 15.5 shall not be deemed to limit or constitute a waiver of any other rights or remedies of County provided at law or in equity. If Lessee fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to County accruing therefrom, Lessee shall protect, defend, indemnify and hold County harmless from all losses, costs (including reasonable attorneys' fees), damages, claims and liabilities resulting from such failure, including, without limitation, any claims made by any succeeding tenant arising from such failure to surrender, and any lost profits to County resulting therefrom, provided that County notifies Lessee that Lessee's failure to timely surrender the Premises will cause County to incur such lost profits.

15.6 Waiver of Conditions or Covenants. Except as stated in writing by the waiving party, any waiver by either party of any breach of any one or more of the covenants, conditions, terms, and agreements of this Lease shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term, or agreement of this Lease, nor shall failure on the part of either party to require exact full and complete compliance with any of the covenants, conditions, terms, or agreements of this Lease be construed as in any

manner changing the terms hereof or estopping that party from enforcing the full provisions hereof, nor shall the terms of this Lease be changed or altered in any manner whatsoever other than by written agreement of County and Lessee. No delay, failure, or omission of County to re-enter the Premises or of either party to exercise any right, power, privilege, or option, arising from any default, nor any subsequent acceptance of rent then or thereafter accrued shall impair any such right, power, privilege, or option or be construed as a waiver of or acquiescence in such default or as a relinquishment of any right. No notice to Lessee shall be required to restore or revive "time of the essence" after the waiver by County of any default. Except as specifically provided in this Lease, no option, right, power, remedy, or privilege of either party shall be construed as being exhausted by the exercise thereof in one or more instances.

15.7 Remedies Cumulative. The rights, powers, options, and remedies given County by this agreement shall be cumulative except as otherwise specifically provided for in this Lease.

15.8 Authorized Right of Entry. In any and all cases in which provision is made herein for termination of this Lease, or for exercise by County of right of entry or re-entry upon the Premises in the case of an Event of Default, or in case of abandonment or vacation of the Premises by Lessee, Lessee hereby irrevocably authorizes County to enter upon the Premises and remove any and all persons and property whatsoever situated upon the Premises and place all or any portion of said property, except such property as may be forfeited to County, in storage for the account of and at the expense of Lessee.

Except to the extent arising out of or caused by the gross negligence or willful misconduct of County, Lessee agrees to indemnify, defend and save harmless County from any cost, expense, loss or damage arising out of or caused by any such entry or re-entry upon the Premises in the case of an Event of Default, including the removal of persons and property and storage of such property by County and its agents.

15.9 Place of Payment and Filing. All rentals shall be paid to and all statements and reports herein required and other items deliverable to County hereunder shall be filed with or delivered to the Department. Checks, drafts, letters of credit and money orders shall be made payable to the County of Los Angeles.

15.10 Service of Written Notice or Process. Any notice required to be sent under this Lease shall be in compliance with and subject to this Section 15.10. If Lessee is not a resident of the State of California, or is an association or partnership without a member or partner resident of said State, or is a foreign corporation, Lessee shall file with Director a designation of a natural person residing in the County of Los Angeles, State of California, or a service company, such as CT Corporation, which is authorized to accept service, giving his or its name, residence, and business address, as the agent of Lessee for the service of process in any court action between Lessee and County, arising out of or based upon this Lease, and the delivery to such agent of written notice or a copy of any process in such action shall constitute a valid service upon Lessee.

If for any reason service of such process upon such agent is not possible, then any officer of Lessee may be personally served with such process outside of the State of California and such service shall constitute valid service upon Lessee; and it is further expressly agreed that Lessee is

amenable to such process and submits to the jurisdiction of the court so acquired and waives any and all objection and protest thereto.

Written notice addressed to Lessee at the addresses below-described, or to such other address that Lessee may in writing file with Director, shall be deemed sufficient if said notice is delivered personally, by telecopy or facsimile transmission or, provided in all cases there is a return receipt requested (or other similar evidence of delivery by overnight delivery service) and postage or other delivery charges prepaid, by registered or certified mail posted in the County of Los Angeles, California, Federal Express or DHL, or such other services as Lessee and County may mutually agree upon from time to time. Each notice shall be deemed received and the time period for which a response to any such notice must be given or any action taken with respect thereto (including cure of any prospective Event of Default) shall commence to run from the date of actual receipt of the notice by the addressee thereof in the case of personal delivery, telecopy or facsimile transmission if before 5:00 p.m. on regular business days, or upon the expiration of the third (3rd) business day after such notice is sent from within Los Angeles County in the case of such registered or certified mail as authorized in this Section.

Copies of any written notice to Lessee shall also be simultaneously mailed to any Encumbrance Holder, Major Sublessee or encumbrancer of such Major Sublessee of which County has been given written notice and an address for service. Notice given to Lessee as provided for herein shall be effective as to Lessee notwithstanding the failure to send a copy to such Encumbrance Holder, Major Sublessee or encumbrancer.

As of the date of execution hereof, the persons authorized to receive notice on behalf of County and Lessee are as follows:

COUNTY:	Director Department of Beaches and Harbors Los Angeles County 13837 Fiji Way Marina del Rey, California 90292 Phone: 310/305-9522 Fax: 310/821-6345
With a Copy to:	Office of County Counsel Los Angeles County 500 West Temple Street Los Angeles, California 90012 Attn: County Counsel Phone: 213/974-1801 Fax: 213/617-7182
LESSEE:	Gold Coast Village, LLC

9255 Sunset Blvd., Suite 320
Los Angeles, California 90069
Attn: Michael Pashaie
Phone: 310/858-6797
Fax: 310/858-6862

and

Gold Coast Village, LLC
888 S. Figueroa St. #1900
Los Angeles, California 90017
Attn: David Taban
Phone: 213/745-5191
Fax: 213/747-8225

and

Pacific Ocean Management
13575 Mindanao Way
Marina del Rey, California 90292
Attn: Mike Selden
Phone: 310/822-6866
Fax: 310/822-4266

With a Copy to:

Cox, Castle & Nicholson LLP
2049 Century Park East
28th Floor
Los Angeles, California 90067
Attention: Ira J. Waldman, Esq.
Phone: 310/277-4222
Fax: 310/277-7889

Either party shall have the right to change its notice address by written notice to the other party of such change in accordance with the provisions of this Section 15.10.

15.11 Interest. In any situation where County has advanced sums on behalf of Lessee pursuant to this Lease, such sums shall be due and payable within five (5) days after Lessee's receipt of written demand, together with interest at the Applicable Rate (unless another rate is specifically provided herein) from the date such sums were first advanced, until the time payment is received. In the event that Lessee repays sums advanced by County on Lessee's behalf with interest in excess of the maximum rate permitted by Applicable Laws, County shall either refund such excess payment or credit it against subsequent installments of Annual Minimum Rent and Percentage Rent.

15.12 Captions. The captions contained in this Lease are for informational purposes only, and are not to be used to interpret or explain the particular provisions of this Lease.

15.13 Attorneys' Fees. In the event of any action, proceeding or arbitration arising out of or in connection with this Lease, whether or not pursued to judgment, the prevailing party

15.13 Attorneys' Fees. In the event of any action, proceeding or arbitration arising out of or in connection with this Lease, whether or not pursued to judgment, the prevailing party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including without limitation reasonable attorneys' fees for County Counsel's services where County is represented by the County Counsel and is the prevailing party, and also including all fees, costs and expenses incurred in executing, perfecting, enforcing and collecting any judgment.

15.14 Amendments. This Lease may only be amended in writing executed by duly authorized officials of Lessee and County. Notwithstanding the foregoing, Director shall have the power to execute such amendments to this Lease as are necessary to implement any arbitration judgment issued pursuant to this Lease. No amendment, other than one implemented through an arbitration judgment, shall be binding upon an Encumbrance Holder as to which County has been notified in writing, unless the consent of such Encumbrance Holder is obtained with respect to such amendment.

15.15 Time For Director Approvals. Except where a different time period is specifically provided for in this Lease, whenever in this Lease the approval of Director is required, approval shall be deemed not given unless within thirty (30) days after the date of the receipt of the written request for approval from Lessee, Director either (a) approves such request in writing, or (b) notifies Lessee that it is not reasonably possible to complete such review within the thirty (30)-day period, provides a final date for approval or disapproval by Director (the "Extended Time") and approves such request in writing prior to such Extended Time. If Director does not approve such request in writing within such Extended Time, the request shall be deemed to be disapproved. If Director disapproves a matter that requires its approval under this Lease, then Director shall notify Lessee in writing of the reason or reasons for such disapproval.

15.16 Time For County Action. Notwithstanding anything to the contrary contained in this Lease, wherever Director determines that a County action required hereunder necessitates approval from or a vote of one or more of County's boards or commissions or County's Board of Supervisors, the time period for County performance of such action shall be extended as is reasonably necessary in order to secure such approval or vote, and County shall not be deemed to be in default hereunder in the event that it fails to perform such action within the time periods otherwise set forth herein.

15.17 Estoppel Certificates. Each party agrees to execute, within ten (10) business days after the receipt of a written request therefor from the other party, a certificate stating: (i) that this Lease is in full force and effect and is unmodified (or stating otherwise, if true); (ii) that, to the best knowledge of such party, the other party is not then in default under the terms of this Lease (or stating the grounds for default if such be the case); and (iii) if requested, the amount of the Security Deposit, Annual Minimum Rent, Percentage Rent and other material economic terms and conditions of this Lease. Prospective purchasers, Major Sublessees and lenders may rely on such statements.

15.18 Indemnity Obligations. Whenever in this Lease there is an obligation to indemnify, hold harmless and/or defend, irrespective of whether or not the obligation so

specifies, it shall include the obligation to defend and pay reasonable attorney's fees, reasonable expert fees and court costs.

15.19 Controlled Prices. Lessee shall at all times maintain a complete list or schedule of the prices charged for all goods or services, or combinations thereof, supplied to the public on or from the Premises, whether the same are supplied by Lessee or by its Sublessees, assignees, concessionaires, permittees or licensees. Said prices shall be fair and reasonable, based upon the following two (2) considerations: first, that the property herein demised is intended to serve a public use and to provide needed facilities to the public at fair and reasonable cost; and second, that Lessee is entitled to a fair and reasonable return upon his investment pursuant to this Lease. In the event that Director notifies Lessee that any of said prices are not fair and reasonable, Lessee shall have the right to confer with Director and to justify said prices. If, after reasonable conference and consultation, Director shall determine that any of said prices are not fair and reasonable, the same shall be modified by Lessee or its Sublessees, assignees, concessionaires, permittees or licensees, as directed. Lessee may appeal the determination of Director to the Board, whose decision shall be final and conclusive. Pending such appeal, the prices fixed by Director shall be the maximum charged by Lessee.

15.20 Waterfront Promenade. As part of the Redevelopment Work Lessee shall develop a continuous pedestrian walkway with landscaping, lighting, seating, fencing and other improvements (the "Promenade") in accordance with the Development Plan. County hereby reserves a public easement for access over and use of the Promenade for fire lane uses, pedestrian purposes and such other related uses (including, if approved by County bicycling, rollerblading and the like) as may be established by the County from time to time, all in accordance with such rules and regulations as are promulgated from time to time by the County regulating such public use. Lessee shall be responsible for the maintenance and repair of the Promenade in accordance with commercially reasonable maintenance and repair standards for the Promenade established by the County from time to time on a nondiscriminatory basis. The exact legal description of the Premises encumbered by the public easement reserved herein shall be established based upon the final as-built drawings for the Promenade to be delivered by Lessee upon the completion thereof in accordance with the terms and provisions of Article 5 of this Lease. At the request of either party such legal description shall be recorded in the Official Records of the County as a supplement to this Lease.

15.21 Dockmaster. During the Term of the Lease, Lessee shall maintain a dockmaster program reasonably acceptable to the Director for the day to day management and operation of the commercial dock facilities at the Premises. The level of services to be provided by the dockmaster shall be commensurate with the size and scope of the proposed slip operations.

15.22 Seaworthy Vessels. On or before January 1, April 1, July 1 and October 1 of each year during the Term, Lessee shall deliver to Director a report which contains the following information with respect to every vessel (including floating homes as defined in Title 19 of the Los Angeles County Code) moored within the Premises: (i) the name, address and telephone number of the registered owner (and slip tenant, if other than the registered owner) for each vessel; (ii) the state registration or federal document number, and name (if any), of the vessel; (iii) whether the vessel is a power vessel, sailing vessel or floating home; and (iv) the slip number and length of the vessel, and whether the vessel is presently authorized by Lessee for

liveaboard tenancy. In addition, Lessee shall require, and shall certify annually to Director, that as a condition of slip rental and continued slip tenancy, all new slip tenanted vessels from and after the immediately preceding certification (or in the case of the initial certification, from and after the Effective Date) have been required to pass seaworthiness inspection by the Harbor Patrol within sixty (60) days of such slip rental. Henceforth, all of Lessee's slip leases shall provide that any newly tenanted vessel which is unable to pass such inspection within the required period, or such reasonable extension thereof as may be granted in the Director's sole discretion, shall be ineligible for continued slip tenancy on the leasehold premises and shall be removed therefrom. The requirements of the two preceding sentences shall not be applicable to any vessel which is specifically exempted from seaworthiness requirements by Title 19 of the Los Angeles County Code.

15.23 Transient Slip. Lessee shall make available one (1) docking slip to be reserved for short term use of small craft visiting the Premises (the "Transient Slip"). Until such time as otherwise designated by the County, the Transient Slip shall be rented on an hourly or daily basis for guest boat docking purposes. The Transient Slip shall be located at an end-tie location reasonably acceptable to County. Lessee shall make the Transient Slip available for the uses described in this Section 15.23 commencing not later than the completion by Lessee of the commercial dock work being performed as part of the Redevelopment Work. Throughout the Term Lessee shall be responsible for ensuring that the Transient Slip, and any pathway of travel to and from the Transient Slip, are in compliance with all Applicable Laws (including without limitation, ADA) for the uses described in this Section 15.23. The operation of the Transient Slip shall be subject to such security procedures and insurance requirements as are reasonably acceptable to Lessee and County, and that are consistent with those applicable to the operation of the commercial dock facilities on the Premises from time to time.

15.24 Water Taxi Docking Slip. During any period during the Term that a water taxi or shuttle service is operated in the Marina, Lessee shall make available one (1) docking slip for loading and unloading of passengers for water taxi or shuttle service purposes (the "Water Taxi Slip"). The Water Taxi Slip shall be located at an end-tie location reasonably acceptable to County. Upon request by County throughout the Term, Lessee shall make the Water Taxi Slip available for the uses described in this Section 15.24 after the completion by Lessee of the commercial dock work being performed as part of the Redevelopment Work. Lessee shall make access to the Water Taxi Slip available for the water taxi operator, its personnel and customers, during all hours that the service is in operation. Lessee shall be responsible throughout the Term for insuring that the Water Taxi Slip, and any pathway of travel to and from the Water Taxi Slip, are in compliance with all Applicable Laws (including without limitation, ADA) for the uses described in this Section 15.24. The operation of the Water Taxi Slip shall be subject to such security procedures and insurance requirements as are reasonably acceptable to Lessee and County, and that are consistent with those applicable to the operation of the commercial dock facilities on the Premises from time to time.

15.25 Pump-Out Station. Lessee shall make available on the Premises a pump-out station for use at a nominal fee for pump-out services.

15.26 Water Quality Management Program. During the Term of the Lease, Lessee shall comply with all water quality management requirements imposed by the Coastal Commission in

connection with the issuance of the Coastal Development Permit for the commercial dock improvements; provided, however, that lessee shall in all events comply at least with the water quality management requirements set forth in Exhibit E attached to this Lease. In addition, during the Term of the Lease, Lessee shall remove floating debris from the water surrounding the commercial dock facilities on the Premises in accordance with a program and regular schedule reasonably acceptable to the Director.

16. ARBITRATION.

Except as otherwise provided by this Article 16, disputed matters which may be arbitrated pursuant to this Lease shall be settled by binding arbitration in accordance with the then existing provisions of the California Arbitration Act, which as of the date hereof is contained in Title 9 of Part III of the California Code of Civil Procedure, commencing with Section 1280.

(a) Either party (the "Initiating Party") may initiate the arbitration process by sending written notice ("Request for Arbitration") to the other party (the "Responding Party") requesting initiation of the arbitration process and setting forth a brief description of the dispute or disputes to be resolved and the contention(s) of the Initiating Party. Within ten (10) days after service of the Request for Arbitration, the Responding Party shall file a "Response" setting forth the Responding Party's description of the dispute and the contention(s) of Responding Party. If Responding Party has any "Additional Disputes" he shall follow the format described for the Initiating Party. The Initiating Party will respond within ten (10) days after service of the Additional Disputes setting forth Initiating Party's description of the Additional Disputes and contentions regarding the Additional Disputes.

(b) Notwithstanding anything to the contrary which may now or hereafter be contained in the California Arbitration Act, the parties agree that the following provisions shall apply to any and all arbitration proceedings conducted pursuant to this Lease:

16.1 Selection of Arbitrator. The parties shall attempt to agree upon an arbitrator who shall decide the matter. If, for any reason, the parties are unable to agree upon the arbitrator within ten (10) days of the date the Initiating Party serves a request for arbitration on the Responding Party, then at any time on or after such date either party may petition for the appointment of the arbitrator as provided in California Code of Civil Procedure Section 1281.6.

16.2 Arbitrator. The arbitrator shall be a retired judge of the California Superior Court, Court of Appeal or Supreme Court, or any United States District Court or Court of Appeals located within the State, who has agreed to resolve civil disputes.

16.3 Scope of Arbitration. County and Lessee affirm that the mutual objective of such arbitration is to resolve the dispute as expeditiously as possible. The arbitration process shall not apply or be used to determine issues other than (i) those presented to the arbitrator by the Initiating Party provided those disputes are arbitrable disputes pursuant to this Lease, (ii) Additional Disputes presented to the arbitrator by the Responding Party, provided that any such Additional Disputes constitute arbitrable disputes pursuant to this Lease and (iii) such related

preliminary or procedural issues as are necessary to resolve (i) and/or (ii) above. The arbitrator shall render an award. Either party may, at its sole cost and expense, request a statement of decision explaining the arbitrator's reasoning which shall be in such detail as the arbitrator may determine. Unless otherwise expressly agreed by the parties in writing, the award shall be made by the arbitrator no later than the sooner of six (6) months after the date on which the arbitrator is selected by mutual agreement or court order, whichever is applicable, or five (5) months after the date of a denial of a petition to disqualify a potential arbitrator for cause. County and Lessee hereby instruct the arbitrator to take any and all actions deemed reasonably necessary, appropriate or prudent to ensure the issuance of an award within such period. Notwithstanding the foregoing, failure to complete the arbitration process within such period shall not render such arbitration or any determination made therein void or voidable; however, at any time after the expiration of the foregoing five (5) or six (6) month periods, as applicable, either party may deliver written notice to the arbitrator and the other party either terminating the arbitration or declaring such party's intent to terminate the arbitration if the award is not issued within a specified number of days after delivery of such notice. If the arbitrator's award is not issued prior to the expiration of said specified period, the arbitration shall be terminated and the parties shall recommence arbitration proceedings pursuant to this Article 16.

16.4 Immunity. The parties hereto agree that the arbitrator shall have the immunity of a judicial officer from civil liability when acting in the capacity of arbitrator pursuant to this Lease.

16.5 Section 1282.2. The provisions of Code of Civil Procedure § 1282.2 shall apply to the arbitration proceedings except to the extent they are inconsistent with the following:

(1) Unless the parties otherwise agree, the arbitrator shall appoint a time and place for the hearing and shall cause notice thereof to be served as provided in said § 1282.2 not less than ninety (90) days before the hearing, regardless of the aggregate amount in controversy.

(2) No later than sixty (60) days prior to the date set for the hearing (unless, upon a showing of good cause by either party, the arbitrator establishes a different period), in lieu of the exchange and inspection authorized by Code of Civil Procedure § 1282.2(a)(2)(A), (B) and (C), the parties shall simultaneously exchange the following documents by personal delivery to each other and to the arbitrator:

(a) a written Statement of Position, as further defined below, setting forth in detail that party's final position regarding the matter in dispute and specific numerical proposal for resolution of monetary disputes;

(b) a list of witnesses each party intends to call at the hearing, designating which witnesses will be called as expert witnesses and a summary of each witness's testimony;

(c) a list of the documents each intends to introduce at the hearing, together with complete and correct copies of all of such documents; and,

(d) if the issue involves Fair Market Rental Value or a valuation matter, a list of all Written Appraisal Evidence (as defined below) each intends to introduce at the hearing, together with complete and correct copies of all of such Written Appraisal Evidence.

(3) No later than twenty (20) days prior to the date set for the hearing, each party may file a reply to the other party's Statement of Position ("Reply"). The Reply shall contain the following information:

(a) a written statement, to be limited to that party's rebuttal to the matters set forth in the other party's Statement of Position;

(b) a list of witnesses each party intends to call at the hearing to rebut the evidence to be presented by the other party, designating which witnesses will be called as expert witnesses;

(c) a list of the documents each intends to introduce at the hearing to rebut the evidence to be presented by the other party, together with complete and correct copies of all of such documents (unless, upon a showing of good cause by either party, the arbitrator establishes a different deadline for delivering true and correct copies of such documents);

(d) if the issue involves Fair Market Rental Value or a valuation matter, a list of all Written Appraisal Evidence, or written critiques of the other party's Written Appraisal Evidence if any, each intends to introduce at the hearing to rebut the evidence presented by the other party, together with complete and correct copies of all of such Written Appraisal Evidence (unless, upon a showing of good cause by either party, the arbitrator establishes a different deadline for delivering true and correct copies of such Written Appraisal Evidence); and

(e) Witnesses or documents to be used solely for impeachment of a witness need not be identified or produced.

(4) The arbitrator is not bound by the rules of evidence, but may not consider any evidence not presented at the hearing. The arbitrator may exclude evidence for any reason a court may exclude evidence or as provided in this Lease.

16.6 Statements of Position. The Statement of Position to be delivered by Section 16.5 shall comply with the following requirements:

(1) Where the dispute involves rent to be charged, market values, insurance levels or other monetary amounts, the Statements of Position shall numerically set forth the existing minimum rent, percentage rent, market value, insurance level and/or other monetary amounts in dispute, the party's proposed new minimum rent, percentage rent, market value, insurance level and/or other monetary amounts, and shall additionally set forth the facts supporting such party's position.

(2) If the dispute relates to Improvement Costs, the Statements of Position shall set forth the facts supporting such party's position and the amount of each cost which the party believes should be allowed or disallowed.

16.7 Written Appraisal Evidence. Neither party may, at any time during the proceedings, introduce any written report which expresses an opinion regarding Fair Market Rental Value or the fair market value of the Premises, or any portion thereof, ("Written Appraisal Evidence") unless such Written Appraisal Evidence substantially complies with the following standards: it shall describe the Premises; identify the uses permitted thereon; describe or take into consideration the terms, conditions and restrictions of this Lease; correlate the appraisal method(s) applied; discuss the relevant factors and data considered; review rentals paid by lessees in Marina del Rey and other marina locations within Southern California who are authorized to conduct similar activities on comparable leaseholds; and, describe the technique of analysis, limiting conditions and computations that were used in the formulation of the valuation opinion expressed. With respect to disputes regarding Fair Market Rental Value, such Written Appraisal Evidence shall express an opinion regarding the fair market rental value of the Premises as prescribed by Section 4.4.1. Written Appraisal Evidence in connection with disputes arising out of Article 6 of this Lease shall predicate any valuation conclusions contained therein on the Income Approach. Written Appraisal Evidence shall in all other respects be in material conformity and subject to the requirements of the Code of Professional Ethics and the Standards of Professional Practice of The Appraisal Institute or any successor entity.

16.8 Evidence. The provisions of Code of Civil Procedure § 1282.2(a)(2)(E) shall not apply to the arbitration proceeding. The arbitrator shall have no discretion to allow a party to introduce witnesses, documents or Written Appraisal Evidence (other than impeachment testimony) unless such information was previously delivered to the other party in accordance with Section 16.5 and, in the case of Written Appraisal Evidence, substantially complies with the requirements of Section 16.7, or such evidence consists of a transcript of a deposition of an expert witness conducted pursuant to Section 16.9. Notwithstanding the foregoing, the arbitrator may allow a party to introduce evidence which, in the exercise of reasonable diligence, could not have been delivered to the other party in accordance with Section 16.5, provided such evidence is otherwise permissible hereunder.

16.9 Discovery. The provisions of Code of Civil Procedure § 1283.05 shall not apply to the arbitration proceedings except to the extent incorporated by other sections of the California Arbitration Act which apply to the arbitration proceedings. There shall be no pre-arbitration discovery except as provided in Section 16.5; provided, however, each party shall have the right, no later than seven (7) days prior to the date first set for the hearing, to conduct a deposition, not to exceed three (3) hours in duration unless the arbitrator otherwise determines that good cause exists to justify a longer period, of any person identified by the other party as an expert witness pursuant to Sections 16.5 (2)(b) or 16.5 (3)(b).

16.10 Awards of Arbitrators.

16.10.1 Monetary Issues. With respect to monetary disputes (including without limitation disputes regarding Percentage Rent, Fair Market Rental Value and the amount of coverage under the policies of insurance required pursuant to Article 9 of this Lease),

the arbitrator shall have no right to propose a middle ground or any proposed modification of either Statement of Position. The arbitrator shall instead select whichever of the two Statements of Position is the closest to the monetary or numerical amount that the arbitrator determines to be the appropriate determination of the rent, expense, claim, cost, delay, coverage or other matter in dispute and shall render an award consistent with such Statement of Position. For purposes of this Section 16.10, each dispute regarding Annual Minimum Rent, each category of Percentage Rent and the amount of required insurance coverage shall be considered separate disputes (a "Separate Dispute"). While the arbitrator shall have no right to propose a middle ground or any proposed modification of either Statement of Position concerning a Separate Dispute, the arbitrator shall have the right, if the arbitrator so chooses, to choose one party's Statement of Position on one or more of the Separate Disputes, while selecting the other party's Statement of Position on the remaining Separate Disputes. For example, if the parties are unable to agree on the Annual Minimum Rent and three Percentage Rent categories to be renegotiated pursuant to Section 4.4 and the amount of liability insurance coverage to be renegotiated pursuant to Section 9.3, then there shall be five Separate Disputes and the arbitrator shall be permitted to select the County's Statement of Position with respect to none, some or all of such five Separate Disputes and select the Lessee's Statement of Position, on the balance, if any, of such five Separate Disputes. Upon the arbitrator's selection of a Statement of Position, pursuant to this Article 16, the Statement of Position so chosen and the award rendered by the arbitrator thereon shall be final and binding upon the parties, absent Gross Error on the part of the arbitrator.

16.10.2 Nonmonetary Issues. With respect to nonmonetary issues and disputes, the arbitrator shall determine the most appropriate resolution of the issue or dispute, taking into account the Statements of Position submitted by the parties, and shall render an award accordingly. Such award shall be final and binding upon the parties, absent Gross Error on the part of the arbitrator.

16.11 Powers of Arbitrator. In rendering the award, the arbitrator shall have the power to consult or examine experts or authorities not disclosed by a party pursuant to Section 16.5(2) hereof, provided that each party is afforded the right to cross-examine such expert or rebut such authority.

16.12 Costs of Arbitration. Lessee and County shall equally share the expenses and fees of the arbitrator, together with other expenses of arbitration incurred or approved by the arbitrator. Failure of either party to pay its share of expenses and fees constitutes a material breach of such party's obligations hereunder.

16.13 Amendment to Implement Judgment. Within seven (7) days after the issuance of any award by the arbitrator becomes final, the County will draft a proposed amendment to the Lease setting forth the relevant terms of such award. Within seven (7) days after delivery of a copy of the amendment to Lessee, Lessee will sign the amendment (with any revisions to the proposed amendment necessary to accurately reflect the arbitration award) and return the executed copy to the County, which shall thereafter be executed by County as soon as reasonably practicable.

16.14 Impact of Gross Error Allegations. Where either party has charged the arbitrator with Gross Error:

16.14.1 The award shall not be implemented if the party alleging Gross Error obtains a judgment of a court of competent jurisdiction stating that the arbitrator was guilty of Gross Error and vacating the arbitration award ("Disqualification Judgment"). In the event of a Disqualification Judgment, the arbitration process shall begin over immediately in accordance with this Section 16.14, which arbitration shall be conducted (with a different arbitrator) as expeditiously as reasonably possible.

16.14.2 The party alleging Gross Error shall have the burden of proof.

16.14.3 For the purposes of this Section 16.14, the term "Gross Error" shall mean that the arbitration award is subject to vacation pursuant to California Code of Civil Procedure § 1286.2 or any successor provision.

16.15 Notice.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION TO NEUTRAL ARBITRATION.

_____ Initials of Lessee

_____ Initials of County

17. DEFINITION OF TERMS; INTERPRETATION.

17.1 Meanings of Words Not Specifically Defined. Words and phrases contained herein shall be construed according to the context and the approved usage of the English language, but technical words and phrases, and such others as have acquired a peculiar and appropriate meaning by law, or are defined in Section 1.1, are to be construed according to such technical, peculiar, and appropriate meaning or definition.

17.2 Tense; Gender; Number; Person. Words used in this Lease in the present tense include the future as well as the present; words used in the masculine gender include the

feminine and neuter and the neuter includes the masculine and feminine; the singular number includes the plural and the plural the singular; the word "person" includes a corporation, partnership, limited liability company or similar entity, as well as a natural person.

17.3 Business Days. For the purposes of this Lease, "business day" shall mean a business day as set forth in Section 9 of the California Civil Code, and shall include "Optional Bank Holidays" as defined in Section 7.1 of the California Civil Code.

17.4 Parties Represented by Consultants, Counsel. Both County and Lessee have entered this Lease following advice from independent financial consultants and legal counsel of their own choosing. This document is the result of combined efforts of both parties and their consultants and attorneys. Thus, any rule of law or construction which provides that ambiguity in a term or provision shall be construed against the draftsperson shall not apply to this Lease.

17.5 Governing Law. This Lease shall be governed by and interpreted in accordance with the laws of the State of California.

17.6 Reasonableness Standard. Except where a different standard is specifically provided otherwise herein, whenever the consent of County or Lessee is required under this Lease, such consent shall not be unreasonably withheld and whenever this Lease grants County or Lessee the right to take action, exercise discretion, establish rules and regulations or make allocations or other determinations, County and Lessee shall act reasonably and in good faith. These provisions shall only apply to County acting in its proprietary capacity.

17.7 Compliance with Code. County and Lessee agree and acknowledge that this Lease satisfies the requirements of Section 25536 of the California Government Code as a result of various provisions contained herein.

17.8 Memorandum of Lease. The parties hereto shall execute and acknowledge a Memorandum of Lease Extension, in recordable form and otherwise satisfactory to the parties hereto, for recording as soon as is practicable on or following the Effective Date.

IN WITNESS WHEREOF, County and Lessee have entered into this Lease as of the Effective Date.

THE COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

GOLD COAST VILLAGE, LLC, a Delaware limited liability company

By: _____
Its: _____

By: _____
Its: _____

ATTEST:

VIOLET VARONA-LUKENS,
Executive Officer of the
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: _____

EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

[To be added]

Subject to the public easement reserved by Lessor in Section 15.20 of this Lease.

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 55

Parcels 862 and 863, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, recorded in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county.

Reserving and excepting therefrom unto the County of Los Angeles easements for sanitary sewer, fire access and harbor utility purposes over those portions thereof designated on said map to be reserved by said county for such purposes.

DESCRIPTION APPROVED
AUG 3 1 1961
JOHN A. LAMBIE
County Engineer
BY .....DEPUTY

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. 56S

Parcels 872 to 881 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county, and that portion of Parcel 905, in said county, as shown on said map, within the following described boundaries:

Beginning at the southwesterly corner of said Parcel 880; thence westerly along the westerly prolongation of the southerly line of said last mentioned parcel to a line parallel with and 15 feet westerly, measured at right angles, from the westerly line of said last mentioned parcel; thence northerly along said parallel line to the westerly prolongation of the northerly line of said Parcel 872; thence easterly along said last mentioned westerly prolongation to the northwesterly corner of said last mentioned parcel; thence southerly in a direct line to the point of beginning.

Together with a right of way for ingress and egress to be used in common with others over the westerly 12 feet of Parcels 865 to 871 inclusive, as shown on said map.

Also together with a right of way for ingress and egress to be used in common with others over the northerly 20 feet of the southerly 110 feet of the easterly 133 feet of said Parcel 871.

Also together with rights of way for ingress and egress to be used in common with others over the northerly 10 feet of the easterly 133 feet of said Parcel 868, and the southerly 10 feet of the easterly 133 feet of said Parcel 867.

Reserving and excepting unto the County of Los Angeles rights of way for fire access, storm drain, sanitary sewer and harbor utility purposes in and across those portions thereof designated on said map as easements to be reserved by said county for such purposes.

DESCRIPTION APPROVED
February 6, 1969
JOHN A. LAMBIE
County Engineer

By _____ Deputy

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. W

Parcels 859, 861 and 864 to 871 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, recorded in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county.

Excepting from said Parcel 859 that portion thereof which lies northerly of the following described line:

Beginning at the most easterly corner of said Parcel 859; thence North 45°20'27" West along a line parallel with the southwesterly line of Parcel 861, as shown on said map, to the southeasterly line of the northwesterly 30 feet of said Parcel 859; thence South 60°00'00" West along said southeasterly line to the southwesterly line of said Parcel 859.

Reserving and excepting therefrom unto the County of Los Angeles easements for sanitary sewer, storm drain, fire access and harbor utility purposes in and across those portions thereof designated on said map to be reserved by said county for such purposes.

DESCRIPTION APPROVED
AUG 24 1962
JOHN A. LAMBIE
County Engineer
BY [signature] DEPUTY

LEGAL DESCRIPTION

Marina Del Rey
Lease Parcel No. W-1

Parcels 868 to 871 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, recorded in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county.

Excepting therefrom the northerly 14 feet thereof.

Also excepting therefrom the westerly 12 feet thereof.

Also reserving and excepting therefrom unto the County of Los Angeles, easements for fire access and harbor utilities purposes in and across that portion thereof designated on said map to be reserved by said county for such purposes.

DESCRIPTION APPROVED
NOV 2 7 1963
JOHN A. LAMBIE
County Engineer
BY Edgar Schultz DEPUTY

EXHIBIT B

DEVELOPMENT PLAN

EXHIBIT A

FISHERMAN'S VILLAGE
SUMMARY OF TERMS FOR LEASE OPTION AND LEASE EXTENSION OPTION
PARCELS 55/56S/W – MARINA DEL REY

DEVELOPMENT PLAN

(attached)

TERM SHEET EXHIBIT A – PARCELS 55, 56 AND W
October 27, 2005

Term Sheet Template Item	*Lessee Proposal Fisherman's Village – Parcels 55, 56 and W*
1) SCOPE OF WORK	
A reasonably detailed, written narrative description of the work to be done, including each of the following: ▫ **All new construction and renovation** ▫ **Timing for the start of the work** ▫ **Timing for the completion of the work** **The narrative shall include all applicable components of the project, grouped as set forth below.**	
a) Apartments, Office and Commercial (Note: for renovation-only apartment projects, use "Apartment Renovation Template" instead of this section)	
• **Demolition (of existing improvements prior to commencing work)**	Developer will demolish all current improvements totaling 32,600 square feet except for the existing lighthouse. All current dock facilities will be demolished and replaced with new docks.
• **New building construction**	Developer will build a new restaurant and retail center with a 132 room boutique hotel totaling 126,250 square feet, all of which will be new construction except for the existing lighthouse. All docks will be rebuilt. Developer will provide approximately 900 parking spaces including subterranean, surface and structured parking.
• **Remodeled building exteriors**	The lighthouse exterior will be renovated to like new condition and in a design that blends with the new construction.
• **Remodeled building interiors**	The lighthouse interior is private and non accessible to the public and will be renovated to service and access levels only.

Term Sheet Template Item	*Lessee Proposal Fisherman's Village – Parcels 55, 56 and W*
• **Remodeled interior building common areas**	Not applicable, since all new construction (except for the lighthouse).
• **Remodeled exterior building common areas**	The new Fisherman's Village will have an entrance promenade and a waterfront promenade intersecting at a circular public amphitheater for use by visitors to the center. The promenades and the amphitheater will make extensive use of decorative pavers. The renovated lighthouse will form a decorative center of gravity and a meeting place. There will be a circular waterside deck extending over the sea wall to enhance the view and the charm of the project.
• **Landscaping**	There will be extensive landscaping throughout the project with a highly decorative water fountain forming part of the entrance promenade.
b) Marina	
• **Replacement of docks and slips, including design and materials**	All current docks will be removed and no less than 30 new commercial docks and one 120 foot long side tie berth will replace them. The new docks will include a landing for a water taxi, transient boat dock, and pump-out station.
• **Retention of existing slip count, including slip count before and after by slip size**	The new dock facility will exceed the slip count capacity of the current docks. The docks will be of similar size as the current docks, which are the maximum length allowed on Parcel 56.
• **Retention of marine commercial facilities, including area count before and after for each category**	The new marine commercial facilities will equal or exceed the old facilities in every category now located on the property.

Term Sheet Template Item	*Lessee Proposal Fisherman's Village – Parcels 55, 56 and W*
c) Promenade	
• **Walkway design and materials**	The project will incorporate a waterside promenade which will comply with County standards.
• **Fencing design and materials**	The fencing design and standards along the waterside and the promenade will comply with County standards.
• **Lighting design and materials**	The lighting design and materials used will comply with County standards.
d) Signage	
• **New signage program**	New signage will comply with County standards.

Term Sheet Template Item	*Lessee Proposal Fisherman's Village – Parcels 55, 56 and W*
2) PLANS & DRAWINGS	
Preliminary plans for all work to be done	
a) Site Plan	
• **Reduced color site plans (8.5x11 or 11x17), showing work described above, including all structures, hardscape, promenade, landscaping and slips**	See Exhibit A-1, "Fisherman's Village – Site Plan" Also see Exhibt A-5, "Fisherman's Village – Parking Plan"
b) Building Elevation	
• **A reduced color elevation (8.5x11 or 11x17) drawing that shows all new and/or renovated building elevations**	See Exhibit A-2, "Fisherman's Village – West Elevation" Also see Exhibit A-3, "Fisherman's Village – Rendering" Also see Exhibit A-4, "Fisherman's Village – Hotel Elevation"
c) Landscaping Plan	
• **If not already included in the above materials**	See Exhibit A-1, "Fisherman's Village – Site Plan"
d) Dock Construction Plan	
• **Dock construction plan, including physical layout of docks and slips**	See Exhibit A-1, "Fisherman's Village – Site Plan" Also see Exhibit A-6, "Fisherman's Village – Waterside Improvements"

Term Sheet Template Item	*Lessee Proposal Fisherman's Village – Parcels 55, 56 and W*
3) BUDGET	
a) Budget worksheet	
• **Estimated cost for all of the work agreed upon**	Total new development cost as follows: Marina $9.5 million Retail/Restaurants $21.4 million Hotel $9.3 million --- Total $40.2 million

Exhibit A-1
Fisherman's Village – Site Plan

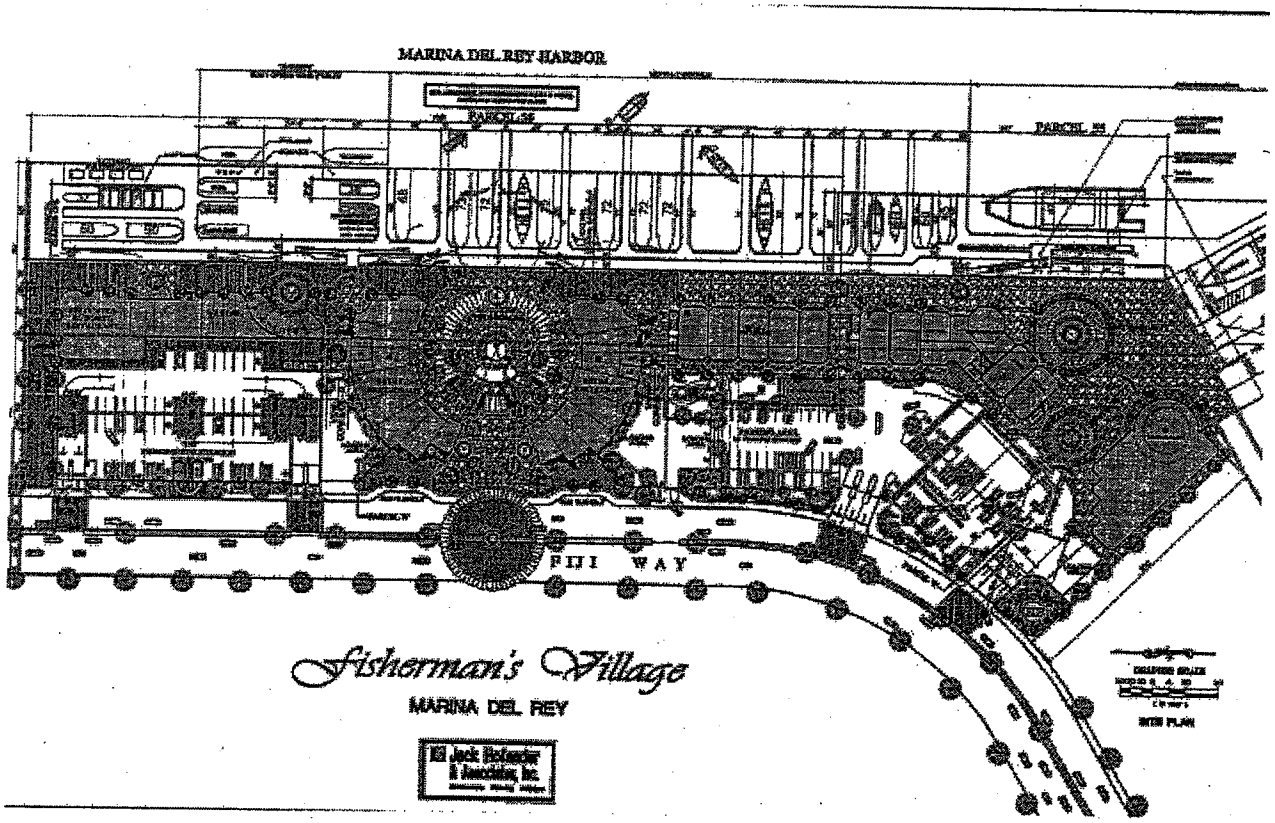

Exhibit A-2
Fisherman's Village – West Elevation

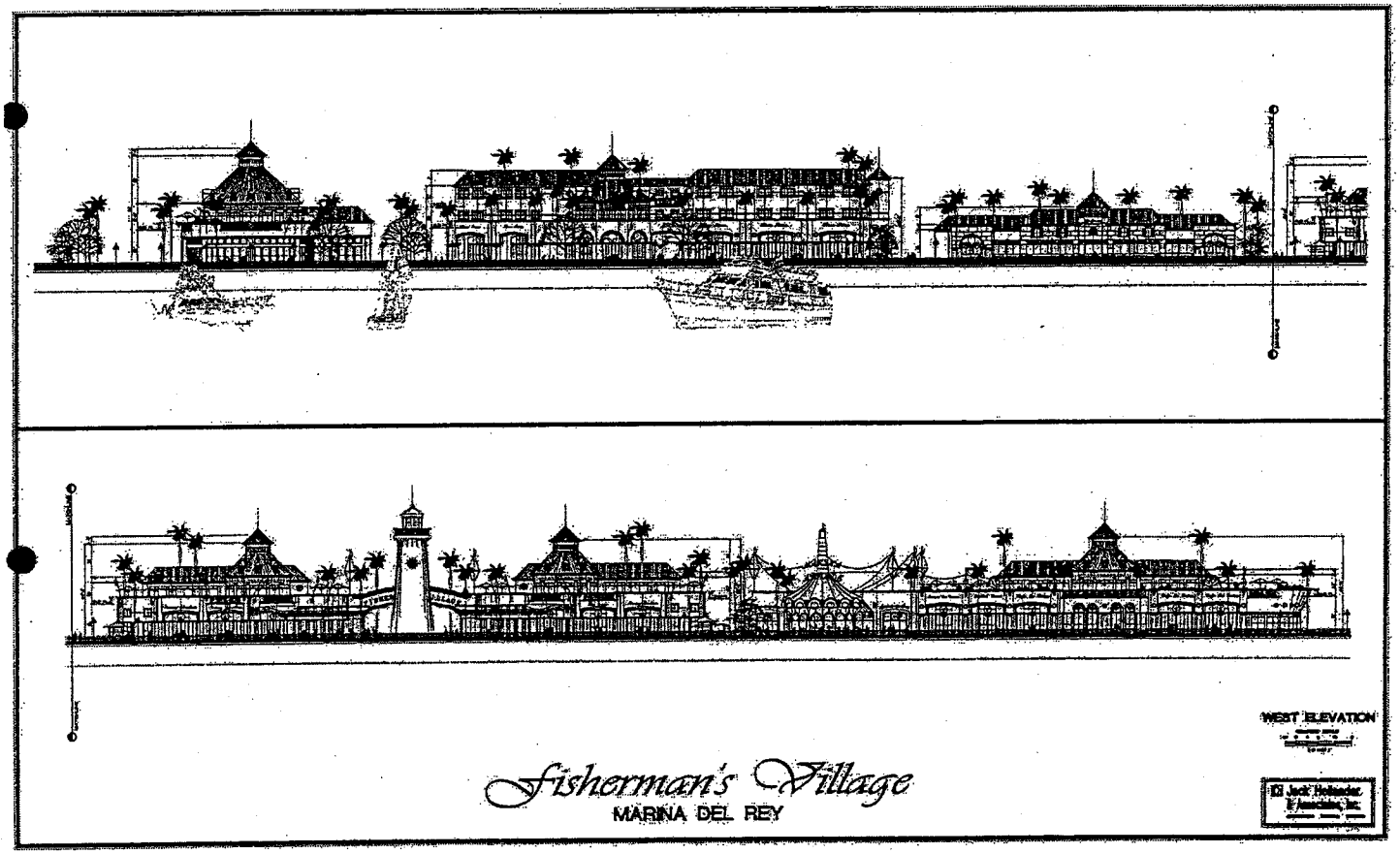

Exhibit A-3
Fisherman's Village – Rendering

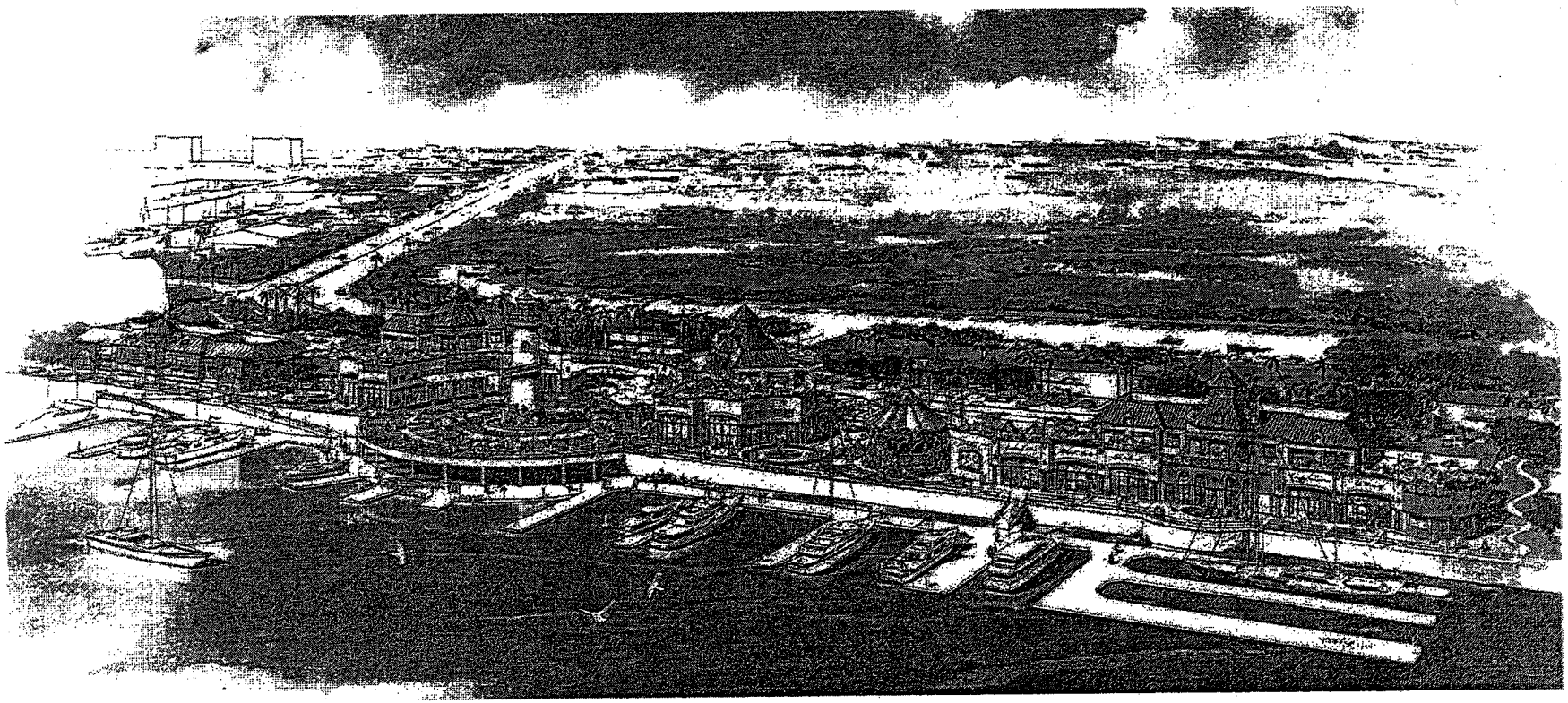

Exhibit A-4
Fisherman's Village – Hotel Elevation

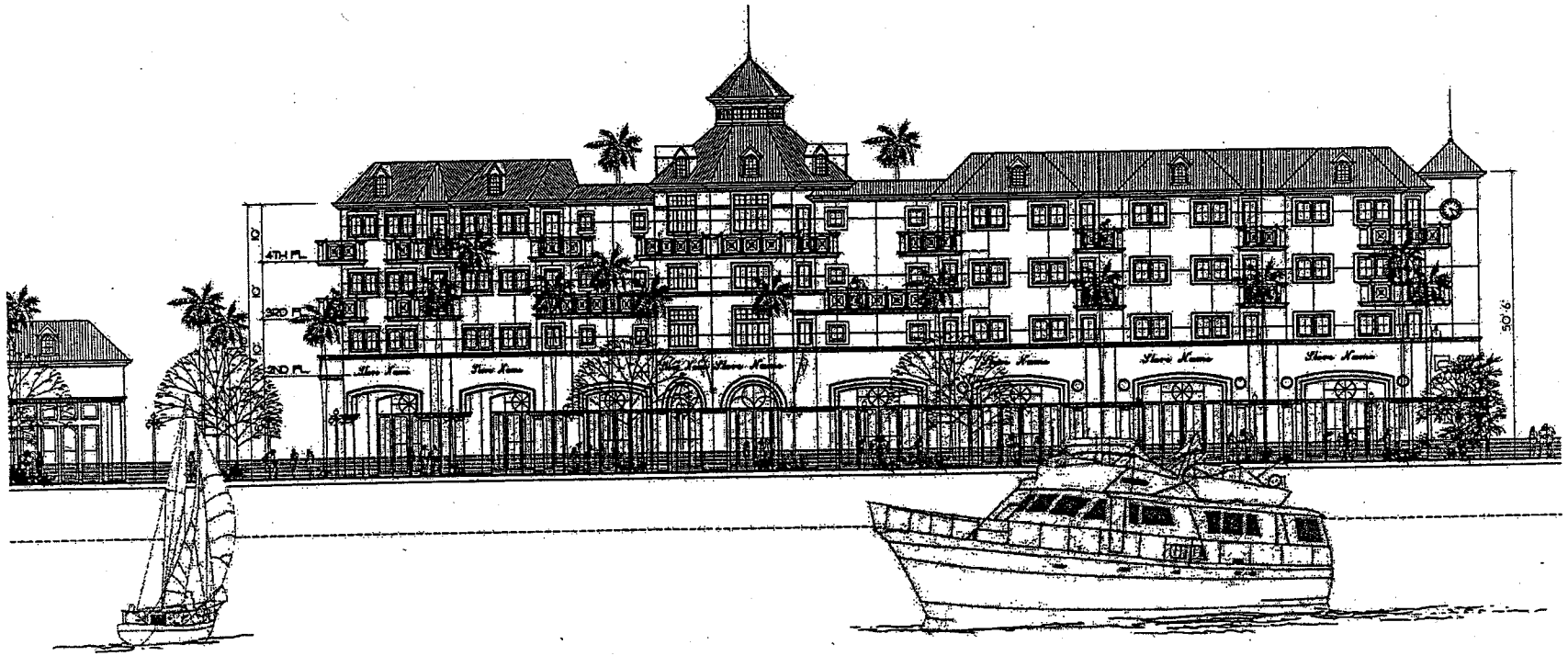

Exhibit A-5
Fisherman's Village – Parking Plan

Parking Required	Parking Provided
Parking required for onsite uses: 847 spaces (County Code)	Parking provided for onsite uses: 639 spaces (Lessee will obtain parking permit to allow shared parking)
Replacement parking for Parcel 52: 245 spaces (Marina del Rey LCP)	Parking provided for Parcel 52: 245 spaces Total parking provided: 884 spaces

Exhibit A-6 **Fisherman's Village – Waterside Improvements**
(attached)

CASH & ASSOCIATES
Engineering and Architecture

Elliott H. Boone
Randy H. Mason
Waldo B. Simbol
Kerry M. Simpson

Project: Fisherman's Village Redevelopment
Location: Marina del Rey, California
Applicant: Gold Coast Village, LLC
October 21, 2002

Preparer: Cash & Associates

PROJECT DESCRIPTIONS
WATERSIDE IMPROVEMENTS
DEMOLITION, DESIGN AND CONSTRUCTION PROCESSES

Existing Boat Slip Removal Plan

Existing boat tenants will be relocated to other vacant slips within Marina del Rey areas. To the extent possible, the Gold Coast Village, LLC will assist existing tenants to secure other mooring arrangements at local marinas.

Fingers will first be disconnected from the mainwalks. This will be a manual operation. Small motorized construction boats will be used by crew members to access the various areas to be demolished, and tow the floating dock sections to a centralized staging location within the project boundary.

Bolts, nuts and other fasteners will be removed in order to disconnect the fingers from the mainwalks. Fasteners that can not be removed by conventional means, will be sawn-off as necessary. Care will be taken to prevent debris from falling into the bay and floating "debris catchers" will be deployed when falling debris is unavoidable.. Debris that may fall into the water will be promptly retrieved and disposed.

The fingers will then be floated to a common location along the seawall and then lifted out of the water by a landside crane. Dock elements will be cut into the largest possible elements capable of fitting into standard 40 cubic yard "drop bin" containers. Once full, these containers would be transported via truck to an approved landfill disposal site.

Soundings of the bay bottom will be taken after the demolition effort to assure that anticipated bottom contours have been maintained. Any foreign debris encountered will

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Mail: P.O. Box 2715, Huntington Beach, CA 92647-0715 • Web Site: www.cashassociates.com • A California Corporation

be removed to assure unobstructed navigability.

Based on the approach noted, the following number of truck trips are anticipated for transportation to an approved disposal site:

> Total Project: 20 to 30 disposal trips. This number should be doubled to account for incoming trips.

Once a substantial quantity of fingers and mainwalks have been removed, extraction of concrete guide piles will commence. Piles will be pulled-out of the bay bottom utilizing clamping devices suspended by a floating crane. Once pulled, piles will be cut into smaller lengths capable of fitting into drop bins.

Although it is expected that all piles will be fully extracted utilizing this approach, there is always the possibility that a small quantity of piles may break at a depth making full extraction difficult or impossible. Under this scenario, piles would be cut off below the mud line at a depth technically feasible and acceptable to LA County Beaches and Harbors.

Equipment and Crews Necessary for the Demolition Effort

A Demolition Crew of 4 to 6 will be employed to remove the dock elements, move and stage the floating elements. Additionally, a crane operator & tender will be required to lift the elements out of the water.

The Demolition Crew will use up to 3 small motorized boats, and small mechanical/electrical tools such as drills, circular saws, saws-alls, impact and manual wrenches, etc.

Depending on the demolition and hauling rate, a second crew may be required during peak periods of work.

Demolition of piles: Equipment will include a crew of approximately 5 men, utilizing a barge that could range in size from 40ft by 40ft to approximately 30ft x 100ft, with mounted 50ton crane and a cargo barge of similar size for depositing the extracted piles. Sizes of these barges will vary depending on the contractor selected to provide the work.

Since this marina is at the mouth of the Main Channel, the importance of floating equipment occupying water space of the Main Channel is understood, but required for limited periods of time, in order to both demolish and install dock elements. For the most part, barges will not occupy the Main Channel for more that the initial few days of the mobilization effort, prior to starting the major work effort, and during work for dock

demolition. Once the demolition work begins, the crane barge will work itself into the envelope of the existing marina. Once inside, the crane and cargo barges will occupy spaces within the envelope of the existing marina and not extend into access channels, except for the extraction of existing piles on the outside perimeter of the marina.. This perimeter work should only be for short periods of time. Any Main Channel work must be coordinated with both the County of Los Angeles Beaches & Harbors department, as well as the Coast Guard.

It is expected that piles can be removed at a rate of 6 to 10 piles per day. Navigational aids, bouys and lights will be installed, as per US Coast Guard requirements, to assure safe access within all channels during the construction process. At this extraction rate, it would be expected that a barge may take no more than one week of intermittent access into the Main Channel for this effort.

Mitigation Measures to Limit Turbidity During Pile Removal

Demolition of floating boat slips will not contribute to turbidity in the bay. Removal of piles may contribute to turbidity in the bay. Acceptable State of California procedures to limit turbidity in the bay, caused by pile removal, include the use of floating siltation curtains. These curtains are employed around the work area and reduce and/or prevent the turbulence from crossing the curtains into the navigation channels or other marina areas. Such curtains will be employed if deemed necessary.

Design, Construction Technique and Manpower for Dock & Waterfront Improvements

Phasing: The dock installation for complete replacement of the marina in a single phase will take approximately 4.0 to 5.0 months to both demo and install the new dock system. If the project is divided into 2 Phases, each phase would require 2.5 to 3.5 months per phase to complete.

Dock System: A proprietary or custom-built dock system has not yet been selected for this project. Both quality concrete and wood and/or composite dock systems are being considered at this time. Based on the geometry of the dock curvature around the main Promenade, truly curved dock systems are normally restricted to glu-laminated wood dock systems, in order to create the necessary curvature. If a series of straight sections of dock, angled together, is desired, then concrete dock systems would be feasible for this system, as well. All fingers in the dock system will be designed to resist twist due to wind and wave action imposed by the vessels, as well as live and dead loads on the system.

Double-wide slips are proposed for this facility. Many of these slips accommodate large boats (ie; 50ft or longer). Fingers supporting these boats will be design to support the imposed loads. Additional piles and large internal

framing is anticipated. Double-wide slips for this commercial facility allows for the maximum flexibility for use and leasing purposes.

Dock Slip Count and Lineal Footage: Based on the marina layout proposed, the following boat count is provided: 41 vessels ranging in size from 32 foot to 72 foot long, with the average size boat in the 60 foot class. This boat mix design is similar to the existing boat mix, with the addition of two large vessel docks. These two large vessels (in the 110 to 130 foot class) are provided at the north end of the marina, along with a transient dock approximately 60 ft long, as well as a 35ft water taxi slip and temporary slip space for 10 to 15 dinghy craft in the center of the marina, that allow existing Marina del Rey boating tenants to navigate to Fisherman's Village to utilize the proposed restaurants.

Utility systems will be designed using current Plumbing, Fire and Electric codes. A fire protection system composed of fire cabinets, wet standpipes, FDC's and landside hydrants will be designed and installed. The water system will be designed to accommodate the boater's use of hose bibbs and the other commercial uses of water in the marina. No less than 30amp, 120v power will be provided to the various slips. Larger vessels will be supplied with 50amp, 120v/240v power receptacles, with the large cruise vessel slips requiring a variety of power which may include 100amp receptacles. One transient dock will be provided for temporary mooring as well as for sewage pumpout . A peristaltic pump system for this sewage pumpout facility is being considered. The dock system will also be design to accommodate the sewage pumpout system already made part of the cruise vessels. A connection will be provided in the dock that allows the direct pumping of sewage from these large vessels, into the County sewage system on land.

Access Systems: The docks will be accessed by both standard and ADA-compliant gangway systems. Gangways will be aluminum, truss-style systems. These gangways will be supported by platforms (concrete piles and deck) that extend over the seawall. All piles required for these platforms will be installed beyond the 10 foot easement space established by the County. At the current time, Federal Guidelines (Sept. 3, 2002) are being used for the planning of these ADA access systems. It is assumed that these new guidelines will become County policy by the time of this marina's design and installation.

Circular Promenade Platforms: Several circular platforms are proposed as part of the landside development plan. By the nature of these elements, these platforms will extend over the existing seawall, as well as occupy space within the 10 foot easement in front of the existing wall. Our team will work closely with County Public Works personnel to develop a design for these platforms that is both architecturally appealing, as well as allowing for disassembly for potential maintenance of the seawall. It is anticipated that concrete piles will support a concrete girder system, with drop-in concrete panels providing the foundation of the walking surface. These drop-in panels would be designed

with lifting lugs that would allow removal, in case that seawall maintenance was required.

Dock Manufacture and Installation: All dock floatation elements will be pre-manufactured offsite by a select list of fabricators having 5 years or more experience in the construction of floating docks. Elements will be trucked to a staging yard within Marina del Rey Harbor, where access to the water's edge is available. This could occur on the development parcel, at the nearby launch ramp, or at boat yards.

A crane will lift the dock modules from flatbed trucks and set them in the water. Several dock sections would be temporarily connected together in raft fashion, and then towed to the construction site via work boats. This operation is a 4 to 5 man crew effort.

Docks will then be assembled in-place in the basin. Temporary alignment piles would be surveyed and then driven to properly locate the dock system in place. Once sufficient elements of the dock system is assembled and located, a barge with crane and diesel hammer will be utilized to install the guide piles. Piles will be staged on a cargo barge located alongside the crane barge. Guide piles will be driven through openings in the dock system once the dock system has been positioned in place. Jetting of piles will not be allowed, unless specifically approved by local, state and federal governing agencies.

Noise, Vibration and Exhaust: Piles will be installed using conventional construction techniques. The installation of piles will create noise, vibration and diesel hammers will produce exhaust during the installation process. Noise, vibration and exhaust created by the pile driving effort can not be mitigated, except to the extent that the pile installation operation will be conducted during standard daily hours of construction; ie, 8:00am to 4:00pm. If approved by the various local, state and federal agencies, jetting of piles could be deployed for pile installation, which would greatly mitigate the noise, vibration and exhaust issues noted above, associated with pile installation. Pile jetting normally disturbs bay bottom sediments and emulsifies during the jetting process. This is not a desirable condition for harbor waters, as well, and is also a concern. This issue will be further discussed with LA County agency officials.

Pile & Installation: All piles will be prestressed concrete. Design of these piles will be based on recommendations of a soils consultant, based on the soils report to be provided, and will include loading based on established marina guidelines and practice.

It is expected that pile installation rates of up to 6 to 10 piles per day will be achieved. At these rates, the following time frames are expected for the pile driving effort: 1 to 2 weeks for the overall effort. If the project is installed in 2 overall phases, each phase would require 1 to 1.5 weeks of pile driving effort.

Completed Dock Installation: Once piles and docks are installed, utility systems would be routed and connected to utility stations at each slip. Accessories will then be installed such as dock boxes, cleats, rub strip, etc. At this time standard and ADA gangway access systems will be installed.

Boat Slip Anchorage: Boat slip anchorage will be via prestressed concrete guidepiles. Piles will be designed to resist all appropriate wind, wave and impact loads imposed on the dock system. State of California Department of Boating and Waterways Guidelines, latest edition, as well as Marina del Rey Design Standards, will be used in the design of all slip anchorage systems. Boats will be moored to slip fingers via cast metal mooring cleats.

At a minimum, all slip fingers 40 foot or longer will have at least one guidepile at the finger end. Piles will also be located strategically in headwalks, mainwalks and along endties as deemed necessary for safe berthing of vessels, and the resistance of lateral loads.

Navigation in Adjacent Channels

As previously noted, usage of the various channels during construction will be intermittent. Crane barge operations will occupy channel space for the removal or installation of piles, in any given area, for a couple of days and then move on to the next location. During periods of work involving perimeter pile removal and pile installation, crane barges may occupy up to 50 feet of space within the Main Channel. Permits for this utilization of the channel space will be obtained from both LA County of Beaches & Harbors and the US Coast Guard. Navigational aids meeting US Coast Guard specifications, will be installed to assure safe access for all boaters. All adjacent marinas, operated by others, will be kept in full operation during the entire construction period of this new marinas.

If there are any questions regarding this Dock System Description, please do not hesitate to contact me @ (714) 895-2072.

R. H. Mason

Randy H. Mason
Cash & Associates
Principal

Exhibit B

Los Angeles Planning and Zoning Code Required Parking

Parking Analysis Based on Table 4 - IPD Inc. Calculations							
	Area of Restaurant	Area of Retail	Hotel Rooms	Ferry Terminal Site & Office	Use	Code Req. Parking	Spaces
Bldg. 1	6,224				El Torrito	Parking per County	94.00
	3,130				Dining	1,800 /15 x .33 =	39.60
					Kitchen	1,330/200 x .33 =	2.19
Bldg. 2		3,350			Retail	3,350 / 250 =	13.40
Bldg. 3	1,700				Foodcourt	1,700 / 200 =	8.50
Bldg. 4		8,700			Retail	8,700 / 250 =	34.80
	5,500				Dining	3,500 /15 x .33 =	77.00
					Kitchen	2,000/200 x .33 =	3.30
Bldg. 5		8,700			Retail	8,700 / 250 =	34.80
				4,000	Offices	4,000/400=	10.00
Bldg. 6	3,500				Dining	2,000 /15 x .33 =	44.00
					Kitchen	1,500/200 x .33 =	2.48
		3,500			Retail	3,500 / 250 =	14.00
Bldg. 7	2,146				Dining	1,146 / 15 x .33 =	25.21
					Kitchen	1,000 / 200 x .33 =	1.65
		3,500			Retail	3,500 / 250 =	14.00
Bldg. 8		1,400			Retail	1,400 / 250 =	5.60
	1,400				Dining	800 / 15 x .33 =	17.59
					Kitchen	600 / 200 x .33 =	0.99

Bldg 6, 7&8			132 Rm. Hotel			132 / 2 =	66.00
Bldg. 9	9,000				Dining	5,000 / 15 /.33 =	109.90
					Kitchen	4,000 / 200 x .33 =	7.42
Outdoor Dining					Dining	4,500/15X.33=	100.00
Shanghai Red						Per County	94.00
Total	**32,600**	**29,150**		**4,000**			**820.43**

Proposed Building Areas - by use

A. Retail	:	29,150 sq.ft.
B. Restaurants	:	26,376 sq.ft.
C. Ferry Terminal site & Office	:	4,000 sq.ft.
D. El Torito	:	6,224 sq.ft.
Sub Total	:	**65,750 sq.ft.**

Total Building Area
65,750 (Retail, Rest, etc.)+ 60,500(Hotel) : **126,250 sq.ft.**

Parking Required

Parking Required Based on Table-A	:	820.43 Spaces
Parking Req'd only for Boaters who are tenants of Fisherman's Village	:	245 Spaces
Total Parking Required	:	**1065.43 Spaces**

Parking Provided

Total Grade Parking, Subteranean &
Parking Structure Provided= : **846 Spaces**

Note: The Developer will submit a detailed shared -parking study with the project zoning application substantiating the number of on-site parking spaces proposed. Said study will demonstrate that , while the proposed development does not provide the amount of parking spaces required by the County Zoning Code, it will provide sufficient on-site parking to meet anticipated parking demands for the site's uses.

EXHIBIT C

ASSIGNMENT STANDARDS

These standards are to apply to proposed transactions requiring County's consent pursuant to Section 11.2 of the Lease. These standards and conditions are not to apply to (a) an assignment for the purpose of securing leasehold financing of the parcel by an encumbrance holder approved by County, (b) the transfer of the leasehold in connection with a foreclosure or transfer in lieu of foreclosure by an approved lender, or (c) the first transfer by that encumbrance holder if it has acquired the leasehold through a foreclosure or a transfer in lieu of foreclosure.

1. The proposed lessee and Major Sublessee (if applicable) must have a net worth determined to be sufficient in relation to the financial obligations of the lessee under the Lease (equal to at least six (6) times the total Annual Minimum Rent and Percentage Rent due to County for the most recent fiscal). A letter of credit, cash deposit, guarantee from a parent entity or participating individual(s) having sufficient net worth or similar security satisfactory to the County may be substituted for the net worth requirement. If the proposed transferee's net worth is materially less than the transferor's, County may disapprove the assignment or require additional security such as that described in the previous sentence.

2. The proposed lessee (or Major Sublessee, if applicable) must have significant experience in the construction (if contemplated), operation and management of the type(s) of Improvements existing on or to be constructed on the Premises, or provide evidence of contractual arrangements for these services with providers of such services satisfactory to the County. Changes in the providers of such services and changes to the contractual arrangements must be approved by the County. All approvals of the County will not be unreasonably withheld or delayed.

3. The individual or individuals who will acquire Lessee's interest in this Lease or the Premises, or own the entity which will so acquire Lessee's interest, irrespective of the tier at which individual ownership is held, must be of good character and reputation and, in any event, shall have neither a history of, nor a reputation for: (1) discriminatory employment practices which violate any federal, state or local law; or (2) non-compliance with environmental laws, or any other legal requirements or formally adopted ordinances or policies of the County.

4. The price to be paid in connection with the transaction shall not result in a financing obligation which jeopardizes the Lessee's (or Major Sublessee's) ability to meet its rental obligations under the Lease or the Major Sublease. Market debt service coverage ratios and leasehold financial performance, at the time of the Proposed Transfer, will be used by County in making this analysis.

5. If the proposed transferee is an entity, rather than an individual, the structure of the proposed transferee must be such that (or the assignee must agree that) the County will have reasonable approval rights regarding any future direct or

indirect transfers of interests in the entity or the Lease as required under the Lease; provided however, that a transfer of ownership of a publicly held parent corporation of Lessee that is not done primarily as a transfer of this leasehold will not be subject to County approval.

6. The terms of the proposed assignment will not detrimentally affect the efficient operation or management of the leasehold, the Premises or any Improvements thereon.

7. The proposed transferee does not have interests which, when aggregated with all other interests granted by County to such transferee, would violate any policy formally adopted by County restricting the economic concentration of interests granted in the Marina del Rey area, which is uniformly applicable to all Marina del Rey lessees.

8. The transfer otherwise complies with the terms of all ordinances, policies and/or other statements of objectives which are formally adopted by County and/or the County Department of Beaches and Harbors and which are uniformly applicable to persons or entities with rights of occupancy in any portion of Marina del Rey.

EXHIBIT D

CONDITIONS TO COASTAL DEVELOPMENT PERMIT

EXHIBIT E

MINIMUM WATER QUALITY MANAGEMENT PROGRAM REQUIREMENTS

EXHIBIT F

EXISTING LEASE RENTAL RATES FOR COMMERCIAL DOCK FACILITIES

EXHIBIT G

PERMITTED CAPITAL EXPENDITURES

The purpose of the Capital Improvement Fund is be to provide funds for the cost of additions, replacements, renovations or upgrades of or to the Improvements on the Premises, including building exteriors and major building systems (such as HVAC, mechanical, electrical, plumbing, vertical transportation, security, communications, structural or roof) that significantly increase the capacity, efficiency, useful life or economy of operation of the Improvements or their major systems, after the completion of the Redevelopment Work. Permitted Capital Expenditures shall not include the cost of periodic, recurring or ordinary expenditures, repairs or replacements that keep the buildings or their major systems in an ordinarily efficient operating condition, but that do not significantly add to their value or appreciably prolong their useful life. The Capital Improvement Fund shall not be used to fund any portion of the cost of the Redevelopment Work or the Subsequent Renovations, nor shall the Capital Improvement Fund be used for any Anchorage Facilities. Permitted Capital Expenditures must constitute capital replacements, improvements or equipment under generally accepted accounting principles consistently applied. Permitted Capital Expenditures shall not include costs for any necessary repairs to remedy any broken or damaged Improvements, all of which costs shall be separately funded by Lessee.

Subject to the foregoing, set forth below is a list of examples of elements, systems or categories of Improvements for which Permitted Capital Expenditures may be made. The Capital Improvement Fund shall not be used for the repair or replacement of an individual or a selected group of individual items, unless such repair or replacement is part of a larger plan (which may be a phased plan) of repair or replacement of all, or substantially all, similar items.

1. Painting of the building exterior*
2. Walkways and driveway replacement* (if asphalt, a minimum of resurfacing, not slurry seal)
3. Windows replacement*
4. Roof replacement* (may be on a building by building basis)
5. Elevators (replacement or addition)
6. HVAC replacement
7. Light fixtures replacement* (interior and exterior)
8. Irrigation system* (replacement or major addition)

* To qualify, these expenditures need to incorporate replacement or renovation of at least 70% of the items or facilities in question

Los Angeles County
Beaches & Harbors
Caring for Your Coast

To enrich lives through effective and caring service

Stan Wisniewski
Director

Kerry Gottlieb
Chief Deputy

December 8, 2005

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director Stan W.

SUBJECT: **AGENDA ITEM 6a - ONGOING ACTIVITIES REPORT**

BOARD OF SUPERVISORS ACTIONS ON ITEMS RELATING TO MARINA DEL REY

At its November 29, 2005 meeting, the Board of Supervisors approved and instructed the Chair to sign the amendment to agreement with the Marina del Rey Convention and Visitors Bureau (MdR CVB) to extend the term of the agreement for five years, effective January 1, 2006, cancelable upon 365-days' written notice. The amendment leaves all other terms of the current agreement intact, except that the County's funding to the MdR CVB may increase by up to $10,000 annually for each of the additional five years of operation under the agreement, for a potential cumulative additional annual County contribution of $50,000 in 2010.

This item was previously considered and recommended by your Commission.

DESIGN CONTROL BOARD MINUTES

The draft minutes from the November 17, 2005 Design Control Board meeting are attached.

LOCAL COASTAL PROGRAM PERIODIC REVIEW - UPDATE

As previously reported, consideration by the Coastal Commission of the Marina del Rey Local Coastal Program periodic review staff report has been delayed due to the impact of Hurricane Katrina on the lead staff person's family and other projects that have competed for her attention. We do not yet have definitive information regarding the date the matter will be scheduled for consideration by the Coastal Commission, but will advise your Commission once we receive word from the Coastal Commission of its proposed schedule.

PARCEL 20 (CAPRI APARTMENTS) REQUEST FOR IN-LIEU FEE - UPDATE

On November 30, 2005, the Regional Planning Commission (RPC) reopened its continued hearing on the request by the lessee of Parcel 20 (Capri Apartments) to provide an in-lieu fee in substitution for required on-site affordable residential units. At the hearing, the lessee moved to withdraw its request, and the RPC accepted the withdrawal motion. The Coastal Development Permit (CDP) for the parcel requires that 10 units be set aside for senior (62 years of age and over) low income tenants, and the lessee indicated its intent to immediately comply with the provisions of its CDP relating to such affordable units.

SW:tm
Attachment

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MINUTES
OF
MARINA DEL REY
DESIGN CONTROL BOARD

November 17, 2005

Department of Beaches and Harbors
Burton Chace County Park
Community Building – 13650 Mindanao Way
Marina del Rey, CA 90292

Members Present:	Susan Cloke, First District, Chair David Abelar, Second District Tony Wong, Fifth District
Members Absent:	Katherine Spitz, Third District, Vice-Chair Peter Phinney, Fourth District
Department Staff Present:	Stan Wisniewski, Director Roger Moliere, Deputy Director Paul Wong, Chief Julie Carpenter, Planner LaTrina Perry, Secretary
County Staff Present:	Tom Faughnan, Principal Deputy County Counsel Russ Fricano, Regional Planning Department
Guests Testifying:	Hans Etter, MdR resident Thomas W. Henry, Pacifica Hotel Investors Victoria Pakshong, Place Landscape Greg Dallal, Caruso Affiliated Pat Younis, Westchester/LAX/MdR Chamber of Commerce Tim Riley, Marina del Rey Lessees Association Dorothy Franklin, resident Robert Colavolpe, F&A Architects Rick Horner, resident Isabel Sciommeri, Marina Harbor Chris Polster, AKC Services Laurie Pescoe, Café del Rey Jan Gonet, Donet Designs

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1. **Call to Order, Action on Absences and Pledge of Allegiance**
Ms. Cloke called the meeting to order at 2:15 p.m. Mr. Abelar led the Pledge of Allegiance. Mr. Wong (Abelar) moved to excuse Ms. Spitz and Mr. Phinney from today's meeting.

2. **Approval of Minutes of July 21, 2005, September 15, 2005, and October 20, 2005**
Minutes for July 21, 2005, September 15, 2005, and October 20, 2005 were held for approval until the December 2005 DCB Meeting. (Some of the commissioners at today's meeting were not at the meetings that were held in July, September, or October 2005.)

3. **Design Control Board Reviews**
Ms. Cloke suggested staff place a standard note on all Design Control Board Reviews that should read "approved per the submitted plans" or "approved per the plans on file with the Department of Beaches and Harbors".

   A. **Parcel 27 – Jamaica Bay Inn – DCB #05-020**
   Approval of the record of the DCB's October 2005 action for conditioned approval of major hotel renovations.

   B. **Parcel 62 – Sheriff's Department – DCB #05-024**
   Approval of the record of the DCB's October 2005 action for approval of one temporary banner for a six-month period.

   C. **Parcel 20 – Capri Apartments – DCB #05-025**
   Approval of the record of the DCB's October 2005 action for conditioned approval of one temporary banner for a six-month period.

   D. **Parcel 50 – Maison d'Optique at Waterside Marina – DCB 05-026**
   Approval of the record of the DCB's October 2005 action for approval of one sign. Staff will attach a photo to this review.

All of the Design Control Board Reviews were held until the December 2005 meeting.

4. **Old Business**

   A. **Parcel IR – Marina Beach Residence Inn – DCB #05-023**
   Reconsideration of a new 147-suite hotel.

   - Mr. Thomas Henry described the project including the two architectural themes (contemporary and Mediterranean) being proposed in response to the Board's previous comments. The public plaza access will be primarily through the center of the property, with secondary access at both ends of the property.

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- Mr. Henry explained the project has 63 public parking spaces at grade and 149 below grade that are card-key accessed, meeting Marriott's requirement of one parking space per guest room. The pool and outdoor interface with public areas will be enhanced by dropping the hearth to the ground floor or beach level area, which will provide a two-story space at that location. Mr. Henry stated they are looking for conceptual approval so they can move forward with the entitlement process.

- Mr. Robert Colavolpe gave a more detailed explanation of the architectural themes for the Board's review.

Contemporary Theme	**Mediterranean Theme**
Pedestrian path	Pedestrian path
Simplified materials - more uniformity in color	Allows for different colors
Opened entrance to the stairwell	Stairwells are more decorative
Elevator	Elevator
Taller windows	Additional larger windows
Added more glass	Arches are at a lower level
Large cantilevered porte cochere	Allows for many moldings
Cantilevered balconies and glass rails	Some units have fireplaces
Brighter & updated architectural style	

- Mr. Colavolpe advised either architectural scheme will fit into the environment of the Marina. The landscaping will vary slightly, depending upon the scheme that is chosen. The plaza deck has been cut so that the view corridor is enhanced. The bridge that was previously going to join the two buildings has been deleted from the project.

- Ms. Victoria Pakshong explained the primary concept of the landscape plan is to have a meandering path, symbolic of a river flowing down to the ocean, that draws the public from the street level to the ocean. The streetscape itself is complementary to the adjacent property, Jamaica Bay Inn, with some variation to allow for a planting pallet more conducive to the scheme of the buildings, which will not obstruct the view corridor. The streetscape would be planted with more grasses and native plants, and the entry plaza level would be planted with low grasses.

- Mr. Henry advised the same landscape firm is being used for the Marriott Residence Inn and the Jamaica Bay Inn, which is located next door to this project to foster complementary landscape.

Board Comments

- Ms. Cloke questioned the view of the view corridor.

- Ms. Carpenter explained with the proposed reconfigured roadway, the new intersection of Via Marina and Admiralty Way would be at the view corridor portion of this project, with a view of Marina ("Mother's") Beach from the intersection.

- Mr. Henry advised one building at Jamaica Bay Inn has been eliminated to further enhance the view corridor.

- Ms. Cloke asked the applicant to explain the elevation changes throughout the project.

- Mr. Colavolpe explained there is approximately 10 to 12 feet of elevation change from Admiralty to the beach level. Meeting rooms, the hearth room and the pool are all at the lower level. In regards to the landscape plans, the property has been terraced down from the street against the building down to the beach level, so that the terracing matches the stairwell. At the pool level, there is approximately a 10 to 12 foot drop. At the stairs, there are about four sets of risers, each one containing about 2 ½ feet worth of terrace. The tread, which was made to be very gracious, is very gradual and low rising, no more than six inches.

- Ms. Cloke asked about the ADA access along this route.

- Mr. Colavolpe explained the ADA access is provided by the elevator, which can be found on the west side (Admiralty Way side) of the project. The elevator is above grade by approximately 10 feet.

- Ms. Cloke asked if the elevator is required to be in the path of travel.

- Mr. Henry explained to provide the required public access, the elevator must be placed in the public access area.

- Ms. Cloke asked if a ramp or series of ramps could be used instead of the elevator.

- Mr. Henry advised the ramps would take up more physical space, approximately 144 feet by 4 feet, plus switchbacks, to provide ADA access.

- Ms. Cloke explained the primary importance to the DCB is focusing on the public access to the beach. She was concerned that, driving up Via Marina, the building will block the view of the harbor and the grade change and elevator are not sending out the "public access message". The public access to the beach should be obvious. The Mediterranean scheme should have a more serious interpretation. The Contemporary scheme should include more shade/shadow and over-hangs.

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- Ms. Pakshong suggested relocating the elevator to the side of the building.

- Ms. Cloke asked if the parking lot could be redesigned to have trees in depressed or raised planters.

- Mr. Henry advised he would check into raised planters. Depressed planters would be difficult because of the 45 foot height level limitations and the structure that would be needed.

- Ms. Cloke suggested making the parking lot green would enhance the image of the hotel as well as the environment of the Marina.

- Mr. Henry agreed those suggestions could be integrated.

- Ms. Cloke suggested having an area near the beach edge where the public and guests can rent beach furniture.

- Mr. Henry advised there are patios off of the guest rooms that will have outdoor furnishings. There may be an opportunity to rent beach furniture, but it has not been explored.

- Ms. Cloke suggested opportunities for kayaking and other recreational water uses that should be taken into account now.

- Mr. Wisniewski advised that many of the concerns regarding recreational water uses have been addressed in the Marina ("Mother's") Beach Strategic Plan.

- Ms. Cloke explained she needs to see the public benefits from the hotel. She was concerned that the view corridor and grade change were not handled in the best way.

- Mr. Abelar suggested the hotel design relate to the beach and attract the public and be accessible.

- Mr. Wong preferred using a ramp for the project instead of an elevator and enhancing the landscaping along the parking area. Mr. Wong asked why the fan palms were replaced with date palms. He would like to see a view corridor analysis.

- Mr. Henry reiterated the ramp concept was investigated. The reason the elevator was chosen for the ADA access was because to make the grade differential, 144 linear feet of ramp would be needed, not including the landings. The site would be encompassed by back and forth ramps. This

would take up most of the area in structural elements, rather than in landscaping.

- Ms. Cloke advised having a ramp is not mandatory, the project should make the public feel welcome and she asked how well the hotel connects to the beach. Ms. Cloke asked for the following items to be submitted to the Board by the applicant:
  - View analysis showing the current view and the view that would be offered by the proposed project.
  - Prepare drawings for the Board that will help explain the grade change and the public access.
  - Provide the elevation of the hotel from the beach.
  - Include opportunities to make the bottom beach portion attractive to and provide services for the beach-going public.
  - Provide more green in the parking lot.
  - Revise the river theme so that plants complement the theme or use drought tolerant plants, providing cohesiveness in the plant pallet.

Public Comments

- Mr. Hans Etter liked the Mediterranean theme for the project. He suggested the developer should look into the idea of beach furniture rentals. The bridge that was taken out would have been a nice idea. Mr. Etter also complained that disabled citizens seem to always get the short end of the stick and are not considered a priority, which is not a good idea. The public must know that they are welcome, have public access, and clear signage. There should also be a concierge in the hotel at all times.

- Ms. Dorothy Franklin was concerned about the proposed olive garden at the rear of Jamaica Bay Inn because of the herons. She was also concerned that all of the proposed new development is making the Marina congested.

- Ms. Pakshong advised Ms. Franklin that the proposed olive trees are fruitless.

- Mr. Rick Horner said that he is in favor of "responsible" development. Most times the development starts out for the community and then the community ends up getting pushed out. He also complained there is not enough public parking.

Ms. Cloke (Abelar) moved to continue DCB #05-023. The applicant must provide the Board with an existing view corridor analysis, provide an explanation of the public access including the ADA access, provide a diagram or drawing showing the grade change, provide an elevation drawing from the beach and provide a conceptual explanation of amenities for beach-goers. This item is continued for three months or less at the applicant's discretion. Motion passed unanimously.

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- Ms. Cloke added, whatever theme is chosen, the architecture must be consistent.

- Ms. Cloke advised staff that she received a letter from the Marina del Rey Lessees Association in which they provided comments regarding Marina ("Mother's") Beach Strategic Plan.

- Mr. Wisniewski advised the Department received the same letter and it has been passed on to Keith Gurnee, RRM, to consider in the planning process.

- Mr. Wisniewski introduced Mr. Russell Fricano and advised the Board that Mr. Fricano would be attending all future DCB meetings.

B. **Parcels 111/112 – Marina Harbor – The Villa – DCB #05-013-C**
Consideration of three permanent banner flags, one permanent leasing office sign and 16 temporary pennant style signs.

- Ms. Isabel Sciommeri advised that a third pennant flag was requested due to the way the building is angled, because you are not able to view one of the signs on Via Marina.

Public Comments

- Mr. Etter was opposed to the pennant signage and colors and complained pennant signage does not belong in the Marina and adds to the sign pollution.

Mr. Abelar (Wong) moved to approve DCB #05-013-C as amended. The permanent leasing sign was approved. The pennants and the three flags signs were approved for 45 days. Motion passed unanimously.

C. **Marina ("Mother's") Beach Strategic Plan**
Consideration of scheduling a night meeting in January 2006. No project briefing was provided.

- Ms. Carpenter explained that the purpose of the night meeting was to allow greater attendance by Marina residents and increased public input.

The meeting was tentatively scheduled for January 26, 2006 at 6:30 p.m. pending staff contacting Mr. Phinney.

- Ms. Pat Younis advised the majority of the community would prefer a 6:30 p.m. start time.

- Mr. Etter advised staff to be sure to publish the meeting so that the public is aware of the meeting date and time.

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- Ms. Carpenter advised the meeting agendas are routinely posted at the Lloyd Taber-Marina del Rey Library, Beaches and Harbors Administration Building, the Marina del Rey Visitor Center and Burton Chace Park. She also added the agenda is normally published in the Argonaut paper and agendas are mailed to members of the public.

- Mr. Tim Riley advised the Board the Marina del Rey Lessees Association submitted a letter to the Department and asked for the status of a response to the letter. The Association would like to have the response, hopefully before the end of December 2005, before the January 2006 meeting.

- Mr. Roger Moliere responded and advised a number of the issues in the letter submitted have already been addressed. The Department is waiting for Mr. Gurnee's input. Mr. Moliere advised Mr. Riley that the Lessees Association should receive a response by early December 2005. The Board will also be copied on the response.

5. **New Business**

A. **Parcel 50 – Marmi at Waterside Marina – DCB #05-027**
Consideration of signage.

- Ms. Cloke asked what the hours of operation are for the business.

- Mr. Dallal responded the store will be open from 10:00 a.m. to 10:00 p.m. All signage lighting is on a house timer and should go off at the same time.

- Ms. Carpenter advised the Board the latest business open in the center is the California Pizza Kitchen (CPK), with the exception of Ralphs Market, which is open 24 hours. All the lights are on a timer. Friday and Saturday night, the timer would go off later than during the week.

Public Comments

- Mr. Etter liked the proposed sign.

Ms. Cloke (Wong) moved to approve DCB #05-027 as submitted. Motion passed unanimously.

The Board directed staff to contact the lessee of the Waterside Center and request that it return to the Board with a more specific response to the issue of the timed signage lighting for the center.

B. **Parcel 131 – Café del Rey – DCB #05-028**
Consideration of new landscaping.

- Ms. Carpenter advised the Board that Commissioner Spitz informed her (1) Horsetails are extremely invasive and requested that metal barriers be used so they do not spread and (2) African Geraniums are not invasive. Ms. Carpenter also advised the Board that the proposed plant *Salvia mexicano* is probably the *Salvia lucanta.*

- Mr. Jan Gonet gave a brief explanation of the proposed landscape submittal. He also complimented Ms. Carpenter on assistance she provided.

- Ms. Cloke asked if the applicant looked at the possibility of adding anything in the parking lot itself.

Public Comments

- Hans Etter was glad the Board addressed the issue of invasive plants and questioned who would maintain the plants. Mr. Etter liked the idea of improving the parking lot.

Board Comments

- Mr. Abelar asked if there were plans for the parking lot and asked who would maintain the landscaping.

- Ms. Laurie Pescoe responded their first goal was to get approval for the landscaping. There are several bids out to resurface the parking lot, but they are not at that phase. There are numerous trees (about 40) that exist in the parking lot on separate islands that will remain and were not addressed in this request.

- Ms. Cloke advised, for future reference, the Board looks at sustainability issues, such as stormwater routing and creating planting areas in parking lots so that stormwater can be routed into them.

- Mr. Abelar asked if the bicycle rack would be replaced.

- Ms. Pesco responded "no".

Mr. Wong (Abelar) moved to approve DCB #05-028 as submitted. The Department recommended APPROVAL with three CONDITIONS:

1) **Use the seedless "Swan Hill" variety of olive tree;**
2) **Use the non-invasive species of Fountain Grass; and**
3) **Use metal barriers for Horsetail.**

Motion passed unanimously.

C. **Parcel 97 – The UPS Store at Marina Beach Shopping Center – DCB #05-029**
Consideration of signage.

- Ms. Cloke asked to see actual sign materials and colors. These items were not submitted with the applicant's application.
- Mr. Polster tried to provide clarification on the color of both signs.
- Ms. Carpenter advised the applicant did provide color chips for the proposed signage and that the applicant was given a copy of the DCB Guidelines.
- Ms. Cloke asked if all the signs would be placed over the left edge of all the businesses in the shopping center.
- Ms. Carpenter responded this signage submittal is the first one for this particular shopping center. The lessee has been encouraged to submit groups of signage to your Board instead of one sign at a time.
- Ms. Cloke commented it is hard for the Board to decide on signage without knowing what the entire signage program will consist of, the pattern of location for the signs, and the consistency of all signs in the center.
- Ms. Carpenter provided a copy of the DCB-approved signage criteria for the center.

Public Comments
Mr. Etter complained it should not take the Board so long to approve one sign.

Ms. Cloke (Abelar) moved to approve DCB #05-029 as amended. The sign must use the color "UPS brown" and be centered over the store opening. The proposed blade sign was continued until the applicant returned to the Board with more information for the sign. Motion passed unanimously.

6. **Staff Reports**

A. Temporary Permits Issued by the Department
- This report was received and filed.

B. Ongoing Activities Report
- This report was discussed and filed.
- With respect to the Redevelopment Project Status Report, Mr. Moliere suggested and advised the Board that staff will include a color crosshatch depiction showing each of the projects that are completed as well as those under construction.

DRAFT

Mr. Moliere introduced Mr. Paul Wong and advised he would be attending all future DCB meetings.

7. **Comments from the Public**

- Mr. Etter asked if a traffic study has ever been completed for the Special Events in the Marina. Regarding the LCP Periodic Review, Mr. Etter would like to know where he could get a copy of the report with the California Coastal Commission items that are being opposed.

- Ms. Franklin commented that she is delighted there will be an evening DCB meeting in January 2006. She suggested that every three months a night DCB meeting should be held. She was also concerned about the development of the Esprit Marina Apartments.

- Mr. Moliere responded to Ms. Franklin's concerns, advising the Coastal Development Permit that was issued over two years ago had not changed. The Esprit Apartments will have four levels of apartments over two levels of parking. He also advised Ms. Franklin she could review copies of the plans at the Department of Regional Planning.

- Mr. Etter was concerned about signage at the Capri Apartments. He complained that the illegal signs have not been taken down as directed by the Department. He suggested the Department follow up on enforcing the removal of illegal signage. Mr. Etter advised staff to use the general public input for ideas for the redevelopment of Marina ("Mother's") Beach.

- Ms. Cloke advised staff to look into the illegal signs at the Capri Apartments.

8. **Adjournment**

Meeting adjourned at 4:58 p.m.

Respectfully Submitted,

La Trina H. Perry, Secretary
Design Control Board